

## Israel Votes To Legalize All Contacts With the PLO

Shift Expected to Help Restart Peace Process With Arab Neighbors

**Compiled by Our Staff From Dispatches**  
**JERUSALEM** — The Israeli parliament on Tuesday legalized contacts with the Palestine Liberation Organization.

It was a victory for Prime Minister Yitzhak Rabin's Labor-led coalition over rightist opposition parties.

Tuesday's vote annulled a 1986 amendment to Israel's anti-terror law, which had barred Israelis from meeting with members of terror organizations.

Violators had faced up to three years in prison, and several Israelis have served time for the offense. Among them was a peace activist, Abie Nathan, who was imprisoned for more than a year for meeting repeatedly with Yasser Arafat, the PLO chairman.

The vote was 39 to 20 in the 120-member parliament. The reason for the low turnout was not immediately clear.

The decision could give a boost to Israel's negotiations with Palestinians and Arab neighbors. The Palestinians have vowed to boycott the talks until Israel allows the repatriation of more than 400 alleged Muslim extremists expelled last month.

Israel had considered the PLO a terrorist group and barred any contacts with it by Israelis. Recently, some officials had urged ending the ban to counter the rising influence of Muslim fundamentalists.

Israeli liberals also have said that open and direct negotiations with the PLO could strengthen Palestinian moderates who support Middle East peace talks.

The PLO holds considerable influence over the Palestinian delegation to the talks, which also include Jordan, Lebanon and Syria.

A statement from a PLO spokesman in Tunisia said, "The move will pave the way to set up an independent Palestinian state living side by side with Israel."

He also appealed for a summit meeting between Mr. Arafat and Mr. Rabin, who opposed lifting the ban.

Analysts said the change was a cautious step toward official dialogue with the PLO though Mr. Rabin has so far opposed PLO participation in Middle East peace talks.

Palestinians welcomed the change. "It certainly is a positive step," said Hanaan Ashrawi, spokeswoman for the Palestinian delegation to the peace talks.

"It is always our position that nothing is to be gained by noncommunication or boycotts," she told Reuters.

She said she believed that official talks between Israel and the PLO were now inevitable.

A recent survey showed that nearly half of Israeli legislators favored direct negotiations with the PLO, including two-thirds of the lawmakers from Mr. Rabin's Labor Party.

Mr. Rabin staunchly opposed the idea, arguing that such contacts would force Israel to deal immediately with Palestinian demands for establishing an independent state in the occupied West Bank and Gaza Strip.

Government officials have acknowledged that Israel is already indirectly negotiating with the PLO.

Several Israeli legislators also have met with Mr. Arafat and other PLO officials, but were protected from prosecution by their parliamentary immunity.

Earlier Tuesday, a special UN envoy arrived in Israel in his second attempt to win concessions on the 415 Palestinians deported to southern Lebanon. (Reuters, AP)



Bill Clinton in a moment of reflection Tuesday at President John F. Kennedy's grave at Arlington National Cemetery in Virginia.

## Great Expectations for President Clinton

**International Herald Tribune**  
Polls by The New York Times and The Washington Post indicated Tuesday that President Bill Clinton will take office amid great expectations that he will achieve "substantial" progress on a host of issues from race relations to health care. But they also revealed fears that those expectations might be unrealistically high.

"I think he promises a lot, and he may have promised too much," said Danielle Baborski, 25, a pharmacy worker from the Detroit region who voted for Mr. Clinton. That summed up the view of many.

In the Washington Post/ABC News Poll, 53 percent of those surveyed said they were "excited" or "optimistic" about the Clinton administration. But at the same time, 45 percent said they either were "concerned" or "scared" about what four years of Mr. Clinton could mean for them and the country.

The New York Times/CBS News Poll showed widespread (70 percent) optimism about the next four years, which was about the same as in similar polls at the start of the Reagan and Bush eras.

The optimism conflicted with skepticism about whether Mr. Clinton would carry out his campaign promises.

Only 7 percent of those questioned in the Times/CBS poll said they thought that he would try to deliver all his promises, while 36 percent said he would try to keep most of them. The Post/ABC poll indicated that two-thirds of those questioned expected Mr. Clinton to keep at least his major promises, even if they were not quite sure what those promises were.

The Times/CBS poll indicated that people were both confident that Mr. Clinton would improve health care and insisted that he perform well on this score.

Two-thirds of those who responded said Mr. Clinton will "make significant progress in getting health insurance for all Americans." Seven out of 10 in the Post/ABC poll said they expected Mr. Clinton to make substantial progress in improving health care.

That confidence, the poll showed, is also shared by majorities of conservatives and Bush voters.

Throughout the poll, respondents ranked health care near the top of national problems.

The Post/ABC survey found that Mr. Clinton faces a public that has taken him at his word, and that word is change — three out of four said the country "needs to make major changes in the way the federal government works" and more than half expect the new president will make those changes.

The administration faces much higher public expectations than President George Bush did four years ago. According to the Post/ABC survey:

- Fifty-one percent expect the new president to make substantial progress in reducing poverty, as compared with 37 percent in a similar poll four years ago.
- Sixty-eight percent expect him to make substantial progress in

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## Baghdad Offers A Cease-Fire, but U.S. Insists on UN's Full Terms

**Compiled by Our Staff From Dispatches**  
**BAGHDAD** — Iraq proposed a cease-fire Tuesday in the two air-exclusion zones over its territory and appealed to Bill Clinton to halt bombing raids and open talks after his inauguration as president.

The Iraqi announcement came after a third consecutive day of combat. Pentagon officials said U.S. warplanes attacked anti-aircraft positions in northern Iraq after missile radar locked on some planes and artillery fired at others.

In New York, the chief United Nations weapons inspector accepted Iraq's cease-fire guarantee as a pledge to let UN inspectors resume flights, and said weapons inspections would resume. The inspectors are now in Bahrain awaiting clearance to return to Iraq to continue dismantling its weapons of mass destruction.

Rolf Ekens of Sweden, chairman of the UN Special Commission, said "the Iraqi offer should be taken seriously."

But the response from Washington was somewhat more skeptical.

"We need to see Iraq change its behavior," the Clinton communications director, George Stephanopoulos, said in a terse response to Iraq's announcement. "We need full compliance with the UN resolutions."

Mr. Clinton himself said nothing publicly about Iraq. But his aides pledged continuity in the hard-line U.S. policy as the hour approached when the Bush administration's two-year confrontation with President Saddam Hussein becomes an instant Clinton administration foreign policy dilemma.

Publicly, Clinton aides would not offer any praise of Mr. Saddam's announcement.

They chose instead to note Iraq was still not in compliance with UN demands for its inspectors to have full access to suspected Iraqi military installations and were openly skeptical of Mr. Saddam's commitment to honor the no-flight zones.

"There should be no perceived opening of the door" to improved relations, said the Clinton press secretary, Dee Dee Myers.

Asked what steps Mr. Saddam could take to convince Mr. Clinton to open a dialogue with Baghdad, Mr. Stephanopoulos said, "It's almost impossible to imagine how we're going to get to this situation, given Saddam's history."

"We have not had compliance with UN resolutions," he said. "We've seen, actually, a fluctuating of the UN resolution. And there's nothing in his behavior and his actions to suggest that that's going to change."

"Bill Clinton is going to stand up to Saddam Hussein if he fails to comply with the UN resolutions," Mr. Stephanopoulos said.

"Saddam Hussein is paying the price of not complying," he said in delivering Mr. Clinton's support for the new U.S. strikes on missile sites in northern Iraq. "It's a price he's going to continue to pay if he doesn't change his behavior."

"There can be no backing down here, not even the hint of it," said a senior Clinton foreign policy adviser. "There are some who believe he needs to be pushed up if tested, but he is willing to see whether Saddam wants to call it quits."

The Pentagon spokesman, Pete Williams, termed the offer "a helpful sign." But "more important than any statement is action," he said, citing the two issues that have drawn Iraq and the allies into military confrontation repeatedly in recent weeks.

President Saddam Hussein's government said its unilateral cease-fire in the no-flight zones patrolled by allied planes would take effect at midnight Tuesday, Washington time. It appealed to Mr. Clinton to stop the bombing.

The step was taken "as a gesture of goodwill toward the Clinton administration and through him to the American people," an Iraqi statement said.

"Iraq has been insisting that the UN flights, carrying officials to inspect Baghdad's arsenal, should take an indirect route via Jordan. (AP, Reuters, AFP)

## Iraqi Calls U.S. Not an Enemy

**Compiled by Our Staff From Dispatches**  
**BAGHDAD** — An Iraqi official asked President-elect Bill Clinton on Tuesday to abandon the allied air raid campaign.

"Iraq is not an enemy to America and does not want to be," President Saddam Hussein's press secretary, Abduljabbar Muhesen, said in an open letter to Mr. Clinton, who takes office on Wednesday.

But he predicted that Iraq would resist if Mr. Clinton stuck with what he called the "hostile policies" of the outgoing administration.

"As for my country," he said, "at the same time as it strives to avoid the war and concentrate on reconstruction, it will resist aggression with all means."

"Save your country from a lot of problems that, if they remain, will bring your country down," Mr. Muhesen advised Mr. Clinton, who has said he "will not waver" from Mr. Bush's policies.

Mr. Muhesen described his letter, published in the ruling Ba'ath Party newspaper, Al-Thawra, as his own view and not necessarily that of the government. (Reuters, AP)

## More Air Raids As U.S. Carrier Moves in Range

**By Paul F. Horvitz**  
*International Herald Tribune*  
**WASHINGTON** — Sporadic air strikes by U.S. and British warplanes on Iraqi anti-aircraft sites continued Tuesday, and the Pentagon moved an aircraft carrier into the eastern Mediterranean.

A Pentagon spokesman said allied planes would respond with similar raids as long as pilots were threatened by Iraqi anti-aircraft batteries or their planes were locked on by Iraqi radar inside the two United Nations-imposed air-exclusion zones in Iraq.

"If they illuminate our aircraft, we will strike back," the spokesman, Pete Williams, said after the early morning incidents. Mr. Williams said Iraqi pilots were engaged in an effort to lure allied planes into air-defense traps by briefly flying into the no-flight zone in the vicinity of Iraqi surface-to-air missile, or SAM, batteries.

"This is sticking a toe over the line," Mr. Williams said, referring to the batteries as "SAM traps."

His comments came before the announcement in Baghdad of a unilateral Iraqi cease-fire in the no-flight zones.

For the third straight day, U.S. officials reported clashes that resulted in allied attacks on Iraqi air defense sites, but there were no damage reports. The allied aircraft involved were believed to be based in Turkey.

Marin Fitzwater, the White House spokesman, called the U.S. attacks "defensive," and a member of the National Security Council staff expressed satisfaction at the results of the allied raids against the regime of Saddam Hussein.

"We have this man severely boxed," said Richard N. Haass, a Middle East specialist on the council. The Iraqi leader will comply with

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### Kiosk

#### Kenya Wants to Deport Refugees

**NAIROBI (Reuters)** — Kenya asked the United Nations on Tuesday to send home half a million refugees from Somalia, Ethiopia and Sudan because of banditry and the strain on the country's resources.

The announcement follows a series of bandit attacks along Kenya's border with

Somalia in which at least 18 people have died, eight of them policemen. "The number of refugees in Kenya," the government said, "has not only seriously compromised the security of this country but greatly outstretched the infrastructure and medical services."

Dow Jones	Trib Index	General News
Down 18.92	Down 0.21%	Germanies are uniting against racism. Page 2.
3,255.99	89.37	In China, foreign reporters lose their shadows. Page 5.
<b>The Dollar</b>		
New York	Times Close	Revenue Close
DM	1.6128	1.6135
Pound	1.5454	1.5518
Yen	125.455	125.45
FF	5.4485	5.477



U.S. Marines in Somalia on Tuesday, waiting for their flight home. Page 5.

## Criminal Negligence? Air-Inter Said 'No' to Alarm

**By Barry James**  
*International Herald Tribune*  
**PARIS** — When a French A-320 jet smashed into a mountain near Strasbourg a year ago Wednesday, killing 87 persons, it was not carrying a warning device that most airlines consider essential.

The company, Air-Inter, says that was a deliberate decision because the devices, known as ground proximity warning systems, were prone to give false alarms. The only airline in the world to fly A-320s without the systems, according to industry sources.

Now an investigating magistrate has, in effect, blamed the company by charging its former operations manager, Jacques Ranzier, with

criminal negligence leading to loss of life and injury.

Air-Inter, while acknowledging that its policy was not to fit the devices, denied that this was the cause of the accident or that the crash could have been prevented had the aircraft been equipped with a warning system telling the pilot to "pull up" as he approached the ground.

To emphasize that the lack of the warning systems was a company policy, the president of Air-Inter, Jean-Cyril Spinetta, has demanded that he too be charged. The company denies that the warning systems were left off for anything but technical reasons, that is, the doubts about their reliability.

Mr. Spinetta says the decision not to fit them

was made after "long and extremely careful analysis."

The safety devices are technically optional extras, because they are not required on domestic operations in all countries, although they are now legally required on international flights by all aircraft with a capacity of more than 30 passengers.

Industry sources said, however, that the A-320 was routinely delivered with the systems installed.

What made Air-Inter's decision all the more surprising was that its parent company, Air France, had equipped all its aircraft with the warning systems.

Furthermore, a state prosecutor working on the investigation, has produced a letter to Air-

Inter from the French civil aviation directorate expressing concern about the absence of the systems. The letter was sent during the month preceding the accident, according to the prosecutor, René Pech.

At that time, the use of the warning systems was not obligatory under French law for domestic flights. It was only following the initial report from investigators seeking the causes of the Strasbourg disaster that Paul Quiles, then transport minister, demanded that Air-Inter equip its fleet with the systems.

The company says this has now been done.

A spokesman for the International Civil Aviation Organization in Montreal said that the

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## Turnaround? No Sign of It At 2 Struggling U.S. Giants

**By Lawrence Malkin**  
*International Herald Tribune*  
**NEW YORK** — IBM and ITT, two of America's pace-setting multinationals in their glory years, swept billions of dollars in losses off their books Tuesday as they struggled to reorganize obsolete and falling lines of business.

ITT announced it was getting out of the small loan business and laying off 1,400 workers, which will raise its special charges for the year to at least \$1.3 billion and mean a loss for 1992 after more than a decade of profits.

Analysts said that the conglomerate was doing well in some of its manufacturing divisions but that its financial and service companies had mixed results. Its remaining shares in Alcatel Alsthom, the French engineering and communications giant, will be put on the books of its troubled financial subsidiary to help support its recovery.

IBM, which disclosed last month that huge reductions in its work force would put it deeper in the red, said Tuesday that last year's losses stood at \$4.97 billion after taxes because of the special restructuring charges.

But it also reported an operating loss of \$45 million during the last three months of 1992, its first quarterly operating loss in history. Losses for 1991 totaled \$2.86 billion.

Chairman John F. Akers, whose job is beginning to look increasingly insecure as the turn-

around recedes farther into the future, declared that the company's results "are not acceptable to us or our shareholders."

He warned that "difficult problems remain ahead of IBM" as it tries to decentralize its management and shift resources from the mainframes that made it the world's largest computer company into software, networks and computer services for business, widely recognized as the industry's main growth areas.

But David Wo of S.G. Warburg said the company would find it difficult to make the switch because much of its software is tied to its hardware — and the hardware itself is in trouble.

He noted that the difference between IBM's hardware production costs and selling price, a measure known as gross margins, had fallen to a low of 35 percent from previous levels of 50 percent.

Although this narrowing of margins affects industry worldwide, at IBM it can be traced to a decline in mainframe sales while production costs have been fixed until factories are closed down.

The next piece of bad news from IBM will probably come on Jan. 27, the day after its board of directors meets to determine IBM's dividend, which has been paid regularly for years. Mr. Wu, a former IBM salesman, pre-

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# First U.S. Marines Fly Out of Somalia Australians Replace Them As the Aid Mission Continues

Compiled by Our Staff From Dispatches

**MOGADISHU, Somalia** — The first unit of U.S. Marines left Somalia for home on Tuesday after handing over their duties in the famine-stricken southern town of Baidoa to Australian replacements. A group of 237 troops of the 3d Battalion, 9th Marine Regiment packed their bags, handed over live ammunition rounds and flew out of the Mogadishu airport for California.

"You did, like you always do, a first-class job," Major General Charles Wilhelm, commander of U.S. forces in Mogadishu, said in a brief farewell.

The Marines were part of a 24,000-strong U.S. force spearheading Operation Restore Hope, a multinational humanitarian effort to stop the looting of famine relief supplies by gunmen.

"I feel that we did a good job," said Lance Corporal Shane Resux, 20. "I'm not sure that the mission is complete. I hope the people come out of starvation. I see the way that we live and the way that they live. Big difference."

A U.S. military spokesman said a second group of 375 Marines was leaving later on Tuesday. Two more flights would leave on Wednesday until the entire 900-strong unit had rebased.

Washington is describing the homecoming as a redeployment and says it does not herald the start of a winding down of U.S. forces in the Horn of Africa country.

Military sources say the overall level of U.S. forces is likely to remain unchanged for some considerable time but that combat troops will be replaced by logistical sup-

port units as Operation Restore Hope moves into a second phase. The U.S.-led force, now numbering a total of 36,000 men from 20 countries, has secured Somalia's towns, airports and ports, and escorted food convoys to the main famine centers.

Rival Mogadishu factions on Tuesday dismantled roadblocks still dividing the ruined Somali capital, and in another sign of improved security said they planned to set up a temporary police force.

American and Italian troops provided security to allow representatives from both sides to take down about 12 remaining barriers near the "green line" that winds through the city.

Some departing Marines said their mission was complete. Others were not so sure.

Even as the battalion was leaving, other Marines providing security for relief workers came under sniper fire in scattered parts of the country, U.S. military spokesmen said. There were no casualties reported.

Since the Marines landed in Somalia on Dec. 9, one Marine has been killed and one Marine and one Navy medic wounded. With the departure of the 3d Battalion, 9th Marines, fewer than 9,000 Marines remain among more than 25,000 U.S. troops.

There are also another 11,000 troops from an international force of 20 nations operating in Somalia. Somalia has lost 350,000 of its people to famine, fighting and disease in the last year.

An additional 2 million people are considered at risk.

(Reuters, AP)

## Blaze in Taipei Takes 33 Lives

TAIPEI — Fire swept through an unlicensed 24-hour restaurant in central Taipei before dawn on Tuesday, killing 33 people and injuring 21, possibly in an arson attack, the police said.

Customers tried to escape the blaze by jumping out of the second-floor windows of the Lun Ching Restaurant in a commercial building on one of the capital's main avenues.

## Eye on Olympics, China Drops Shadowing of Press

By Nicholas D. Kristof  
New York Times Service

**BEIJING** — The Chinese authorities appear to have stopped following foreign reporters, as part of an effort to spruce up their image and help their bid to become host of the Olympic Games in the year 2000.

The State Security Ministry and Foreign Ministry jointly issued an internal government circular this month announcing an end to the following of foreign journalists, Chinese familiar with the document say. The circular said the step was necessary to improve Beijing's human rights image and therefore its chances of being awarded the Olympic Games.

Beijing is one of half a dozen cities competing to become host of the 2000 Summer Olympics. It is vigorously rebuilding roads and renovating its airport in the hopes of winning

the Olympics, while also encouraging the use of English and taking other steps to improve its bid.

Considering how security-conscious the Chinese authorities are, the change suggests that they are extremely concerned with winning the Olympic bid, which will be decided this fall. Diplomats say that China has generally managed its application well and that Beijing will be a strong contender.

For several years, government agents have followed certain foreign journalists with a diligence that rarely surfaces in other endeavors. While government ministries are often envious by late afternoon, and take days to answer the simplest questions, three carloads of security agents can miraculously appear at 10 P.M. on a rainy Saturday to pursue a foreign reporter.

Reporters for The New York Times, who have apparently been followed more than reporters from other news organi-

zations, have been followed almost every time they have left their residence in recent months. That kind of surveillance stopped abruptly within the last two weeks, and other journalists said that they, too, had not been followed recently.

Diplomats from the United States and other countries are followed much less frequently than reporters, perhaps because the authorities are less concerned with their secrets getting out than with the embarrassment of having them splashed across foreign newspapers.

The Foreign Ministry and State Council News Office have declined to confirm or deny that the following of reporters had been suspended.

A Foreign Ministry spokesman, when asked for a comment, inquired who had told the reporter about the document. When the reporter declined to say, the spokesman added that it was difficult to make a comment without this information.

## Angola Rebels Gain On Vital Oil Town

The Associated Press

**LUANDA, Angola** — Government troops dug in on Tuesday to defend an important petroleum town as UNITA rebels gained ground in ferocious fighting for several strategic cities.

Rebel forces of the National Union for the Total Independence of Angola destroyed several oil wells and were advancing on the outskirts of Soyo, a coastal town crucial to petroleum production, 300 kilometers (185 miles) north of Luanda in Zaire Province.

"The government is pouring men and weapons into Soyo," said a Luanda-based diplomat, speaking on condition of anonymity. "It's their breadbasket; they can't afford to lose it."

Rebel forces attacked Soyo on Monday, after warning all foreign aid workers to withdraw. State radio said the fighting was ferocious, and that Zairean troops and white mercenaries were fighting alongside rebels. The radio's report could not be independently confirmed.

Production shut down at the five foreign-owned petroleum companies in Soyo when petroleum workers were evacuated in anticipation of the attack.

Texaco, which shipped about 64,000 barrels a day from Soyo, airlifted its management staff out over the weekend, a company representative said.

Fighting continued 200 kilometers east of Soyo in Mbanza Congo,

the capital of Zaire Province. State radio has issued conflicting reports about who controls the city. UN officials called the fighting "inconclusive."

After rejecting UN-sponsored peace talks over the weekend, UNITA said in a statement it would negotiate only after the government halted all military offensives.

Rebels continued the fight Tuesday to retake the central city of Huambo, 530 kilometers southeast of Luanda, where their headquarters is situated.

One assault at Huambo, was said to involve 10,000 rebel fighters.

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# Khmer Rouge Release 4 of 16 UN Detainees

Compiled by Our Staff From Dispatches  
**PHNOM PENH** — Khmer Rouge guerrillas freed four United Nations peacekeepers on Tuesday after holding them for two days in central Cambodia, a UN spokesman said.

But elsewhere, the guerrillas were detaining 12 other UN peacekeepers, keeping up a cat-and-mouse game that is obstructing UN efforts to lead the country to peace.

The four men who were freed on Tuesday — a British avian lieutenant commander, a British Royal Marines sergeant, a Chilean marine lieutenant and a Cambodian interpreter — were safe and well, said Eric Falt, spokesman for the UN peacekeeping operation in Cambodia.

The peacekeepers had been detained since midday on Sunday, when they were heading for a meet-

ing with a local Khmer Rouge commander in central Kompong Thom Province.

The Khmer Rouge guerrillas are refusing to carry out the UN-sponsored peace agreement and have said that peacekeepers must stay out of their zones of control unless they receive prior permission.

At the guerrillas' headquarters in western Cambodia, meanwhile, UN officials said Tuesday that the Khmer Rouge had posted armed guards outside the peacekeepers' quarters in the town of Pailin since Monday, to prevent them from leaving the building.

Peacekeepers in Pailin, 350 kilometers (230 miles) northwest of Phnom Penh near the Thai border, have been dependent on land supplies since the Khmer Rouge banned UN supply flights into the town Jan. 8.



Masako Owada with her parents after meeting Japan's imperial family in Tokyo on Tuesday. (Reuters, AP)

# High-Powered Princess Takes a Bow A Deferential Debut for the Future Japanese Empress

By T. R. Reid  
*Washington Post Service*

**TOKYO** — Masako Owada, a high-powered career woman with degrees from Harvard and Oxford, made a shy and deferential debut in her new royal role on Tuesday as she appeared in a press conference with Crown Prince Naruhito after their engagement was formally approved by the Imperial Palace.

With her eyes cast down and her white-gloved hands gripped on a small clutch bag, she talked of her impending marriage as a new duty to her country. "The role I ought to fulfill now," she said, "is to make myself useful on this new path, the royal family."

The 32-year-old princess, in contrast, was relaxed and expansive, smiling as he spoke of his courtship.

It would be bad form in this decorous country for a prince to say something as direct as "I'm crazy about her," but Naruhito conveyed that message clearly. "Masako-san was the one who was always on my mind," he said.

Miss Owada alluded more to duty than to love, but she said that during their courtship, "the prince said several things that touched my heart."

Naruhito's sometimes frustrating seven-year search

for a bride finally ended last month when he received a "yes" from Miss Owada, a 29-year-old foreign service officer who graduated from high school and college in the United States. The news was greeted with universal acclaim here, particularly among the growing coterie of college-educated career women, who look on Miss Owada, with her formidable resume, as a role model.

But on Tuesday, as the palace bureaucracy stamped its official seal of approval on the betrothal, there were signs that Miss Owada might be pushed into the old traditional roles.

For example, at the press conference, broadcast live on every network in the nation, Miss Owada appeared to be carefully following the cues of palace functionaries. She walked a few respectful paces behind her husband-to-be on entering the room, and on leaving she waited for him to go. She referred to him throughout as "the prince," while he used the slightly less formal "Masako-san."

Asked the inevitable question, "How's your cooking?" the magna-cum-laude Harvard economics graduate replied politely that she probably needs further study on such "bridal skills."

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LONDON THEATER



Hester Collyer, Linus Roache in "The Deep Blue Sea."

A Rare Marivaux:  
Less Can Be More

By Sheridan Morley  
International Herald Tribune

LONDON — The comedies of Marivaux are so seldom seen in Britain nowadays that when one surfaces at the National Theatre, where even Racine and Molière rarely get their due, it should be a cause for rejoicing. Unhappily Neil Bartlett's new adaptation of "The Game of Love and Chance" tries so desperately to capture an audience evidently thought to be uneasy with the original that it falls between several stools.

Updated to the 1930s, it starts out as a Noël Coward comedy complete with silk-dressing-gowned cabaret pianist, lurches from there back to Feydeau and forward to Théâtre de Comédie mimes without ever finding a coherent style or method of bringing a subtle artifice back to coherent life. The story is simple enough: Two upper-class scions of wealthy families, committed to an arranged marriage by their parents, decide independently to disguise themselves as their servants to inspect the people they are about to wed.

Around this fragile impersonation, Marivaux constructed a comedy of appalling manners that has now been turned by Bartlett and his co-director, Mike Alfreds, (for the visiting Cambridge Theatre Company) into a frenetic farce, complete with backstage interludes in which an uneven company led by Maggie Steed and Peter Wingfield can be seen uneasily stepping into costume and character.

A lot less here would have been more. With just a little faith in the original text, "The Game of Love and Chance" could have been played as written. True, it's a one-joke comedy, but it does have a good deal to say about the manners and conventions of its period, none of which can really be heard when it is dragged into a different time and place. Only the wonderfully agile Marcello Magni gets the laughs as an amazingly athletic chauffeur and mime artist.

Terence Rattigan has often been shamefully ignored or generally messed about by Britain's subsidized companies, so it is especially good to be able to welcome to the Almeida in Islington a blazingly powerful and confident production of "The Deep Blue Sea," which emerges under the guidance of Karel Reisz as the greatest of British midcentury dramas.

When it first opened with Peggy Ashcroft 40 years ago — although Rattigan was at the height of his fame and fortune — most critics proceeded to get both his achievements and his intentions radically

wrong. But then, as Kenneth Tynan always said, Rattigan was the Fornosa of our theater, geographically allied with the old guard but temperamentally inclined toward the rebels.

The story is of Hester Collyer, played by Penelope Wilton in the local performance of her career. Separated from an eminent judge, she is living with a fatally weak-willed test pilot (Linus Roache, in the role that made a stage and screen star of Kenneth More) whose heart and soul died in the Battle of Britain and who is surviving at best an afterlife to World War II. As the play opens, Hester is retrieved from suicide, which seems to be her only real option, by well-meaning if obtuse neighbors.

On the first night of the play in 1952, the critic Ivor Brown took the view that all she really needed was a good marriage-guidance counselor, a solution akin to putting Hedda Gabler

in touch with a decent interior decorator. Even Tynan thought the suicide should have been successful, and it took Rattigan several reticent years to point out regretfully but tactfully that the whole point of the play is Hester's survival, in itself an infinitely greater tragedy than her death.

This is in essence a triangular piece, cornered by Hester, her older but richer judge and her younger but scier pilot, and that triangle was originally a real one, albeit homosexual. There was no Hester, but there was Rattigan himself, caught between an older and richer lover (the member of Parliament and diarist Chips Channon) and a passion for a younger actor called Ken Morgan, who had been in the film of Rattigan's first great hit, "French Without Tears."

In real life it was Morgan, not Rattigan, who opted for suicide and successfully took his life. Had there been no theatrical censorship in Britain in 1952 it is possible that "The Deep Blue Sea" — instead of seeming the well-made throwback to Galsworthy and Pinero that it now does — would have emerged as our first great homosexual tragedy.

As it is, the play lives on its central performance and some brilliant support from Nicholas Jones as the clenched, searless, loving judge and Wojtek Pszoniak as the sinister, struck-off doctor upstairs. The only problem is really that of Freddie, the alcoholic pilot; at the time of his first creation, the pubs of Britain were full of men like him, a postwar generation of congenitally cheery, unemployable misfits trading on a kind of seedy RAF charm and not a lot else. Fifty years on from the Battle of Britain those men no longer exist, and it is no fault of Roache that he seems to be a time traveler from the '90s.

A comedy of manners has been turned into a frenetic farce.

George Gershwin Tell-All? Some Clues to a Mystery

By Allan Kozinn  
New York Times Service

NEW YORK — George Gershwin's music is virtually always in the air, but the details of his personal life have remained something of a mystery. But Gershwin fans interested in peering behind the scrim erected by the composer's family will have an opportunity to reconsider the composer's life and times in May, when Joan Peyser's biography, "The Memory of All That: The Life of George Gershwin," is due from Simon & Schuster.

The book, like Peyser's racy 1987 study of Leonard Bernstein, is a psychobiography rather than a musical study. Hints about Gershwin's private and interior life are gleaned from his letters, from his comments as recalled by his associates and from Ira Gershwin's song lyrics, which Peyser says represent a veiled biography of the composer.

But the section of the book that will undoubtedly be most widely talked about is Peyser's discussion of Alan Gershwin, an impoverished songwriter who was born in 1926, whose original name was Albert Schneider and who grew up convinced that he was the composer's son.

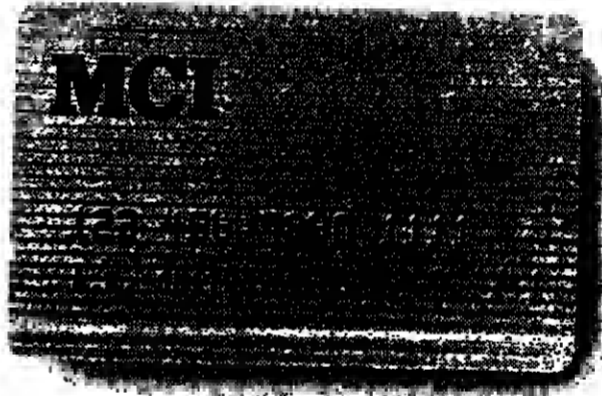
The Gershwin family always publicly denied his claim, but Peyser quotes several sources — Gershwin's valet and Alan Gershwin's stepbrother among them — who corroborate his story of being regularly taken to visit the composer. Peyser contends that Alan Gershwin's mother was actually Fanny Schneider's younger sister, an actress named Molly Charleston, with whom Gershwin had an affair that lasted several years.

"There is not a smidgen of doubt," Peyser said in an interview. "A deal was made, a lot of money changed hands. George saw him from time to time, which is more than his mother did."

Peyser was unable to track Molly Charleston beyond 1956. Peyser says that only Ira and his wife, Leonore, knew the truth and that the other relatives believed what Ira told them. Ira Gershwin died in 1993 and his wife died in 1991.

"I don't go into encyclopedic detail about the songs and shows," Peyser said. "That information is available in other books. I think of this as the first biography of Gershwin. The rest are chronicles of what he did and whom he met. What I've written is an interpretation of a life that was much sadder than anyone dreamed."

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A Hot Ticket in London,  
5 Months in Advance

Reuters

LONDON — Musical fans are flocking to secure tickets for Sir Andrew Lloyd Webber's latest work, "Sunset Boulevard," even though it doesn't open for five months and the prices are the highest ever for a West End show.

The composer will have five shows running simultaneously in London when "Sunset Boulevard" joins "Cats," "Phantom of the Opera," "Starlight Express" and "Joseph and the Amazing Technicolor Dreamcoat." The new show, based on the classic Hollywood film starring Gloria Swanson, will open on June 29. The lavish £2.5 million (\$3.9 million) production, which Lloyd Webber has wanted to stage for 21 years, is being directed by Trevor Nunn.

The first tickets were sold for £32.50 each when they went on sale on Monday to a group of students who had been in line since midnight in front of the Adelphi Theatre. "We did consider going to £35," said Lloyd Webber when asked whether he did not consider the seats expensive.

The part of the silent screen movie queen who refuses to believe her star has waned went to Patti Lupone, who won a Tony award for her stage portrayal of Eva Peron in Lloyd Webber's "Evita."

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INTERNATIONAL Herald Tribune

Bush Faltered at Home

What we know is that within a few hours, the presidency of George Herbert Walker Bush will be, as they say, history. What we do not know is whether history will judge him more kindly than the voters did in November...

the monumental opening presented by Mikhail Gorbachev, he eventually threw his weight behind mutual disengagement in Europe and, in time, Boris Yeltsin. But on matters closer to home, Mr. Bush vacated the bully pulpit. He subcontracted the management of domestic policy to indifferent subordinates and created the ultimate fatal impression that he did not know what to do, and worse, did not care.

Watch the Class of '92

Creating political stereotypes is easy. Just ask the new congressional class of '92. Last year, established political types were fearful of what kind of Congress would be produced by a campaign that focused on bounced checks, congressional perks, foreign junkies and term limits...

office. According to Professor Sandy Maisel of Colby College, more than half were elected directly from another office. Fully 45 of the 110 came from state legislatures, which tend to breed steady realists. Their ranks also include former county supervisors, mayors and even a governor.

Halt the Art Plundering

When Eastern Europe with its long-inaccessible art treasures opened up, tourists were out the only ones to benefit. A voracious second audience of art thieves and smugglers moved in. One of the worst hit is ex-Czechoslovakia: Inadequately guarded churches, monasteries, museums and castles, together with administrative and customs chaos, and short funding all around, have spelled cultural disaster.

known works stolen from Eastern European collections have been recovered. Four Picassos grabbed from the National Museum in Prague turned up within a few months; eight Cranachs stolen from Weimar in the former East Germany in October were traced in two weeks.

Other Comment

Begin With Higher Fuel Taxes

Political reality probably will prevent the Clinton administration and the new Congress from passing significant petroleum taxes. Outrage from voters who refuse to see the long-term benefits of higher taxes on fuels probably will be enough to stop Bill Clinton, as it has past presidents.

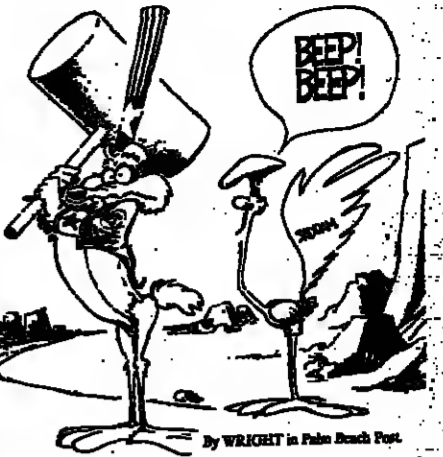
Begin With Higher Fuel Taxes. Political reality probably will prevent the Clinton administration and the new Congress from passing significant petroleum taxes. Outrage from voters who refuse to see the long-term benefits of higher taxes on fuels probably will be enough to stop Bill Clinton, as it has past presidents.

Iraq: Avoiding the Impossible Options

WASHINGTON — Brickbats are showering Bill Clinton because he told The New York Times that if Saddam Hussein "wants a different relationship with the United States and the United Nations, all he has to do is change his behavior." Except for his suggestion that U.S. relations with Iraq could be normalized, he was right.

By Charles William Maynes. A second impossible option is to soften the sanctions and reach an accommodation with Saddam. But he could then pretend to have won the Gulf War. Perhaps more important, such a move would devastate the concept of collective security as exemplified by the UN sanctions against Iraq.

So long as Washington seems to insist on unconditional surrender, Saddam can be expected to exploit popular anti-Americanism in the Arab world. Current policy also risks the dismemberment of Iraq, which also supports, except possibly Iran, the Turks fear that a Kurdish state could rise from the body of a dismembered Iraq.



posed first foreign policy blunder. But it was not a blunder. It was an effort to avoid Mr. Bush's mistakes. Those who urge unconditional surrender on Iraq should be honest enough to explain to America how the goal can be obtained. In 1945, we had to go to Berlin to obtain such an objective. Do we really want to go to Baghdad?

Clinton Should Use the Tax Tool Now to Ensure America's Future

PARIS — William Jefferson Clinton becomes president at a desperate moment for the United States. He takes over a nation that has been living on its own substance, like a starving fat man, for so long that the critical point nears when it may not be able to reconstitute these resources. The destructive mechanisms have interacted to a point where they now tend to perpetuate themselves.

By William Pfaff. The country out of this situation. That is the real challenge Mr. Clinton faces. He has to persuade the electorate to behave responsibly. After more than 12 years during which the public was encouraged to behave irresponsibly, and another 12 years before that, when both Republican and Democratic administrations manipulated and then betrayed public trust, the matter is not simple.

Americans will not be happy if Mr. Clinton begins his presidency with a tax increase, but they won't like it any better later, and if he acts now the deed will be done and he will have the money to do the other things he needs to do. Thus there is much talk in Washington of an immediate big boost in gasoline taxes, so as to bring what Americans pay to drive their cars up to a level that bears comparison with what everyone else in the industrialized world pays.

The writer is editor of Foreign Policy magazine. He contributed this comment to The New York Times.

In the End, Bush Fell Short of His Hero

SACRAMENTO, California — To judge George Bush, one must first know who he wanted to be. A few weeks into his administration, the president had a chat with his new speech writers. One of the first questions asked was, "Who's your personal hero?" Surprising many of us, he turned up his nose at Churchill — not so much at the man as at the tired anecdotes and shopworn quotes. The president gestured approvingly at the equestrian portrait of Teddy Roosevelt above the fireplace mantle. Then he divulged: "I still like Ike."

foreverly on behalf of his own agenda. He often complained about speeches in a kind of personal code. "Too much Churchill" obviously wasn't meant literally; rather, the prose was pompous, the rhetoric vaulted. The president also often complained that the "I-factor" was too high in his speeches, meaning too full of braggadocio.

Mr. Bush rose to the occasion only a few times. I will never forget his performance in Mainz, in what was then West Germany. At the time it was becoming obvious that Germany would reunite. But the evolving character of this new Germany was far from obvious. Reunification had long been a bromide of U.S. foreign policy. But Germans knew that official thinking in Washington had long been divided over this goal.

A Grand Opportunity for a More Equal U.S.-Japan Partnership

TOKYO — The transfer of power in the United States provides an opportunity to develop U.S.-Japan relations into a new and truly equal partnership. Whether Japan can seize this opportunity depends much on its actions beginning now. The key is for the country to take more positive initiatives, globally and in relation with the United States, than before.

By Yukio Satoh. The writer heads the North American department of the Japanese Foreign Ministry. This comment does not necessarily represent the views of the Japanese government. To be the most important country for Japan. Together, the two economies account for 40 percent of global GNP, and they are deeply interdependent. Cooperation and coordination with Washington will remain essential for the pursuit of Japanese interests in areas ranging from trade, investment, macroeconomic management and international monetary affairs to energy, science and technology.

Two questions stand out. One is how to develop productive cooperation in trade and economic matters; the other is how to advance foreign policy cooperation in areas that range from security to the environment, from refugees to AIDS. The tendency of some Americans to judge the quality of bilateral ties only by trade and economic relations is counterproductive. It is encouraging that Mr. Clinton has emphasized the need to look at U.S.-Japan relations in a comprehensive manner.

Asia-Pacific region and to help their economic development. Creating a durable and cooperative relationship between America, Japan and China is essential for long-term stability. The demise of the Soviet Union has reduced considerably the strategic value of China. Yet Beijing can play constructive roles in many critical international issues. For example, Chinese understanding and cooperation are vital in preventing North Korea from developing nuclear weapons and in promoting dialogue between North and South Korea. Japan should make it clear to the Clinton administration that access for Chinese exports to the U.S. market should not be curbed by withdrawing most-favored-nation trade status.

But Don't Expect the Going to Be Easy

TOKYO — By all evidence, this could be a very tough year for the U.S.-Japan relationship. A recent survey of Japan-related decision-makers in Washington, many probably headed for posts in the incoming administration, shows a widely held view that there is little or no chance for improving ties this year. The wider global changes under way are leading many American officials to question the basic underpinnings of U.S.-Japan cooperation.

By Robert M. Orr Jr. whether Tokyo accepts these arguments. If the Clinton administration moves to reimpose U.S. economic competitiveness without making Japan a scapegoat, Tokyo will be more likely to cooperate, or at least listen. Japan understands that a confident and competitive America serves its interests better than a weak and vulnerable one. But if the United States appears once again to be lashing out emotionally, motivated by powerful domestic interest groups, Japan may be less willing to cooperate. Automobiles could provide an early bellwether. In a recent meeting with Mr. Clinton, executives of the three leading American auto manufacturers seemed to be asking the incoming administration to negotiate a market-sharing agreement similar to the one between Japan and the European Community. Unless it is clear that the U.S. auto industry would do something productive with the expected financial windfall, the answer ought to be a resounding "no."

If an industry can show how federal assistance will enhance America's competitive position and how it will use aid to increase efficiency, its request should be seriously considered. Some may cry "managed trade!" But many sectors of the U.S.-Japan trade relationship are already half-managed, by the setting of market percentages or use of import restraints. Not enough is done, however, to get industrial beneficiaries in America to reciprocate, by reinvesting in retraining or capital restructuring to meet longer-term challenges. Such an approach should be seen as managing the U.S.-Japan economic relationship more efficiently to compensate for the real structural differences between the countries. The alternative is a potential unraveling, in the long term, of ties that served America, Japan, the West and the Asia-Pacific region well throughout the Cold War. With proper care, there is no reason such a vital relationship should not continue as an anchor of stability in Asia and a source of strength for the rest of the globe.

where are caused partly by the demand for peace, but principally by the critical food situation. 1943: Leningrad's Pain MOSCOW — [From our New York edition:] The lifting of the siege of Leningrad, whose defense was an inspiring symbol, has brought freedom to people. Although the announcement said the siege ring was finally broken yesterday (Jan. 18) after a bitter seven-day campaign, the battle has been going on ever since the Germans completed the encirclement of Leningrad almost seventeen months ago. The struggle was hard. During last winter there were months when only workers, soldiers and government men could be what might be called adequately fed. There was not enough food available for the non-workers, and through the decision made had to cut them to about a slice and a half of bread each day. There was no electricity or running water.

سكنا من الامم



He Begins as a Wartime President

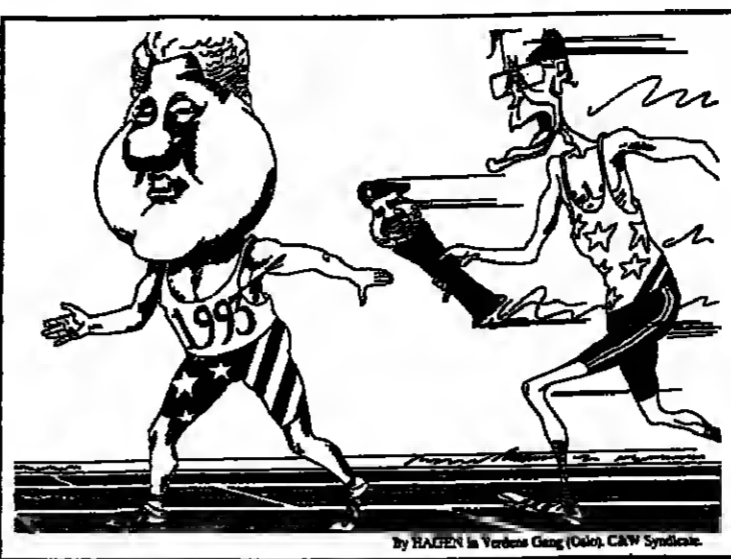
WASHINGTON — And so from the moment he takes the oath Bill Clinton becomes a wartime president exactly as he had known all along.

By A. M. Rosenthal

— that should be the determined and consistent Clinton policy. Saddam's enemies are all around him, millions of his countrymen. Many of them are Kurds, non-Arab Muslims who have fought him for decades.

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OPINION



By RAZZI in Venice (Globe) and CAV Symbols

neck tomorrow head for the door today. Some Arab leaders say Iraq should not be punished for telling the United Nations to go to hell because look, the Israelis have not complied with UN demands to take back 400 deported Palestinian fundamentalists who want to eliminate Israel.

Buck Up — Georgie-Porgie Can Make a Big Comeback

By Hank Bradford

LOS ANGELES — Dear Mr. Bush: As you prepare to leave office, you should finally be told the truth about why you lost the election.

Put it this way: Barbara Bush is beloved; you're looking for work. The ideal weight for a successful president is 225 pounds. You weighed 175.

LETTERS TO THE EDITOR

To Avoid Tanker Disasters
Clearly the current practice of transporting huge quantities of petroleum in unsafe tankers under all weather conditions is irresponsible.

which storm winds could drive a crippled tanker toward a shore or reef. The two recent disasters to marine ecosystems along the eastern edge of the Atlantic underscore the need to accelerate the transition of the world energy economy to greater reliance on natural gas in the short term and to a solar-hydrogen system over the longer term.

omponent Fund for Women in Bonn, that there was a lot of competition by countries to have an important UN presence. In addition to the UN Headquarters in New York, the Palais des Nations at Geneva and the Vienna International Center, he mentioned the recently built office towers for the United Nations in Bangkok and Tokyo and a conference center being built in Addis Ababa.

liberative bodies, which will be considering this question later this year. THERESA GAUSTAU, Director of Information Services, United Nations, Geneva.

Half-Steps for Alsations
Regarding "German Gains New Parity in Alsace Primary Schools" (Jan. 8): The German language did not gain "new parity" in Alsace; rather, the French government fought the efforts of Alsations to gain better competitive access to the language of their Swiss and Swabian neighbors as well as an improved understanding of their own roots.

MEANWHILE
you ran alone, we found you out: Your body is wrong. It's full of Ivy League rib-guy skinniness.

Mr. Bradford was head writer on "The Tonight Show" for Johnny Carson and has written for Jay Leno. He contributed this column to The New York Times.

ADVERTISEMENT

INTERNATIONAL FUNDS

Jan. 19, 1993

Table listing various international funds with columns for fund names, currencies, and prices. Includes sections for International Funds, Other Funds, and various regional and thematic funds.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 21 33.

# NYSE

Today's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Symbol	Price	Change
IBM	115.25	+0.25
MSFT	45.50	+0.25
ORCL	35.00	+0.12
INTL	12.12	+0.01
DISC	25.00	+0.12
WALD	15.00	+0.05
AMZN	18.00	+0.10
GOOG	25.00	+0.15
YHOO	12.00	+0.05
EBAY	15.00	+0.10
SHOP	18.00	+0.15
WYNN	20.00	+0.10
PLTR	12.00	+0.05
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(Continued on page 13)

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A Century Still Pack

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Cost Rates

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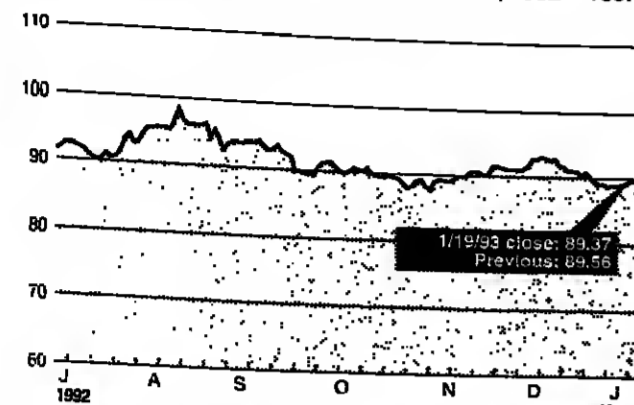
Printed Rates

# BUSINESS

International Herald Tribune, Wednesday, January 20, 1993

## THE TRIB INDEX: 89.37

International Herald Tribune World Stock Index of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

### Asia/Pacific Europe N. America

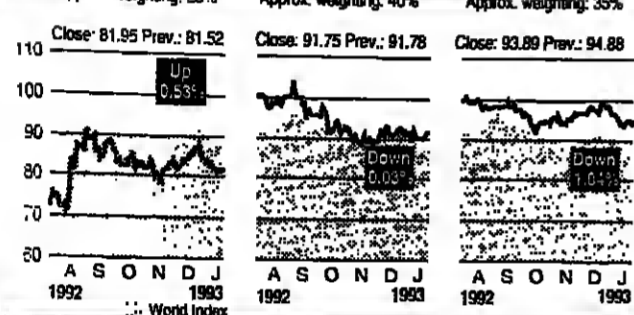


Table with 4 columns: Sector, Jan. 1993, Dec. 1992, % Change. Rows include Energy, Utilities, Finance, Services, Capital Goods, New Materials, Consumer Goods, and Miscellaneous.

## MEDIA MARKETS

### A Century Old, Telegraaf Still Packs Quite a Punch

By Robert L. Kroon, Special to the Herald Tribune. AMSTERDAM — Never given to understatement, De Telegraaf celebrated its 100th anniversary this month and proclaimed itself "newspaper of the century." Publishers and editors of the largest-circulation newspaper in the Netherlands took over Amsterdam's sprawling RAI exhibition center for a million guilders (\$600,000) centennial bash for 4,300 people, featuring a lavish Broadway-style musical flashback in which a board member, Adriaan Swartjes, appeared as Dick Tracy, NV Holdingmaatschappij De Telegraaf, publisher of the flagship broadsheet daily, plus a slew of sports and entertainment periodicals, had plenty to celebrate. In a European media landscape sundered by dwindling ad revenues, layoffs and forced mergers, De Telegraaf boasts not only respectable health, but also robust corporate health.

See TELEGRAAF, Page 13

## Elf Sanofi Buying Saint Laurent

By Suzy Menkes, International Herald Tribune. PARIS — Yves Saint Laurent, the king of Paris couture, is selling his fashion kingdom. The business that he and his partner, Pierre Bergé, built up over 30 years will be absorbed through a 3.6 billion franc (\$645 million) share swap into Elf Sanofi SA, the perfume, cosmetics and pharmaceuticals division of Elf Aquitaine, the French state-controlled oil company. The announcement, made by Mr. Bergé at a news conference on Tuesday, surprised the fashion world, which had been expecting Elf Sanofi to take only a 15 percent stake in Yves Saint Laurent Groupe SCA. The acquisition of a design house considered to be part of the French cultural heritage by a state-owned company, and at a relatively rich price, may reflect Mr. Bergé's own connections with the French political establishment and his close friendship with President François Mitterrand. A further part of the equation is that it would have been unthinkable for the house of Saint Laurent to fall to a foreign investor.

francs a share that YSL paid nearly two years ago to buy back a 15 percent stake from the Italian financier Carlo De Benedetti. The stake had been on offer in Paris for at least a year. The French fashion establishment will now ask who is really in control of the company. Although the joint communiqué states that Mr. Bergé will remain responsible for the management of Yves Saint Laurent Couture, Mr. Bergé himself said, "A French future was always assured, and I wanted the solution to be French." Pierre Bergé, the fashion division, and he and Mr. Saint Laurent will be "closely associated in marketing and creation with the perfume and cosmetics side," those words do not spell out the financial facts of life. Over 80 percent of the Saint Laurent revenue of 3 billion francs a year is in the Parfums division, so that control by the designer and his partner is in the part of the company that generates mainly prestige. At a challenging time for high fashion and the luxury market, Mr. Saint Laurent and Mr. Bergé are no longer masters of their own universe. "I am happy and proud of the path we have followed," Mr. Bergé said Tuesday, describing the progress of the small house built on "poetry, madness and dreams" to the international company it is today. But he also said that at its foundation, the partners had not considered their own mortality — a possible reference to the persistent nervous ill health of Mr. Saint Laurent, 56, and to the fact that Mr. Bergé himself is now 62. Mr. Bergé said he now wanted to "insure the future" of the house in a tough period for couture. Hurt by the worldwide recession, YSL is expected to earn a net 130 million francs in 1992, compared with 233 million a year earlier, analysts told Bloomberg Business News. YSL is saddled with debt of 1.5 billion francs. Elf Sanofi, on the other hand, has sales of more than 20 billion francs and equity of 15 billion francs, company executives said. The acquisition will create 3.45 million new Elf Sanofi shares, and YSL shareholders will own 15 percent of that company. Elf Aquitaine, which now owns 61 percent of Elf Sanofi, will see its stake reduced to 51.5 percent. Jean-François Debevoise, Elf Sanofi's chairman, said Tuesday that the absorption of YSL was the "fruit of a 20-year strategy in perfumes and beauty products." The company also owns the perfume lines of Nina Ricci, the jewelers Van Cleef & Arpels, Roger & Gallet, Stendhal and Oscar de la Renta, the American designer who is now also couturier at the Paris house of Balmain. Yves Saint Laurent has recently focused on

## U.S. Banks Profit As Loans Improve

Compiled by Our Staff From Dispatches. NEW YORK — Major American banks exceeded Wall Street earnings estimates Tuesday as five of the 10 biggest banks reported fourth-quarter gains. Citicorp, Chemical Banking Corp., Chase Manhattan Corp., Wells Fargo & Co. and Banc One Corp. — reported big gains in fourth-quarter and 1992 profits. The gains resulted from the wide gap between what banks pay for funds and what they charge for loans, as well as a decline in troubled loans and tighter expense controls. Citicorp: The largest U.S. bank reported fourth-quarter net income of \$280 million or 53 cents a share, nearly double the consensus analysts' estimate of 28 cents. The company had a loss of \$133 million in the fourth quarter of 1991, when it wrote off \$654 million in real estate and commercial loans. For 1992, Citicorp earned \$722 million or \$1.35 a share, versus a loss of \$457 million or \$1.89 in 1991. Foreign-exchange trading revenue rose to \$1 billion from \$709 million. Chairman John Reed said the bank had successfully completed its two-year restructuring plan, involving layoffs, big loan write-offs and the raising of \$4.1 billion in capital. Core capital rose to 4.90 percent of assets at the end of 1992 from 3.73 percent a year earlier. Citicorp stock rose \$1 to \$24.625 on the New York Stock Exchange. Chemical: The nation's third-largest bank said it earned \$304 million in the fourth quarter, compared with a loss of \$420 million a year earlier, which included a \$625 restructuring charge following its merger with Manufacturers Hanover. Chairman John F. McGilloch said the results "clearly validate the merger" and said the bank achieved its goal of \$280 million in merger-related savings for the year. In the fourth quarter, troubled loans and foreclosed real estate fell by \$495 million. Chemical stock rose 25 cents to \$41.50. Chase Manhattan: A 3 percent decline in loan-loss provisions and gains in net interest and trading income boosted earnings 25 percent in the fourth quarter to \$169 million. Results were tempered by a 5 percent increase in expenses because of foreclosed property expenses and the consolidation of Connecticut operations. Chase shares fell 75 cents to \$29.75. Wells Fargo: The San Francisco-based bank said it earned \$58 million in the fourth quarter, versus a loss of \$231 million a year earlier, and cut loan-loss provisions to \$300 million from \$700 million. Although the bank said it was cautious about future provisions because of California's economic troubles, analysts said the stock soared \$13.75 to \$99.75 on hopes of a turnaround in California real estate. Banc One: The Columbus, Ohio-based company said earnings rose 28 percent to \$193.1 million in the fourth quarter. First Interstate Bancorp: The No. 11 bank posted fourth-quarter net of \$82.1 million, up from \$60 million a year earlier, as provisions were more than halved to \$56.5 million. The stock jumped \$2 to \$51.875. (AP, Bloomberg, Reuters)

## Thyssen Calls for Steel Cartel

Compiled by Our Staff From Dispatches. DUISBURG, Germany — Thyssen Stahl AG called Tuesday for the creation of a cartel in the European steel industry and increased its prices by up to 20 percent after reporting what officials called "catastrophic" results for its latest year. The company also said it would accelerate job cuts in an attempt to rectify its current situation, in which it is losing money on nearly every product it makes. Thyssen Stahl plans to cut 8,000 jobs, or nearly 14 percent of its work force of 57,700, by September 1994. "The situation now is worse than it was even during the 1970s and 1980s," said the management board chairman, Ekkehard Schulz. He said group sales plunged 16 percent in the October-December quarter, to 2.5 billion Deutsche marks (\$1.5 billion), because of the global recession, overcapacity in Western Europe and cheap imports from Eastern Europe. "All signs point to a stormy time for the European steel industry, without any signs of a turn toward the better," he added. In the year ended Sept. 30, 1992, Thyssen Stahl's group net profit dropped to 35 million DM, from 317 million DM the previous year. Sales fell 5.3 percent to 13.19 billion DM. Thyssen Edeltahl, the specialty steel unit that was merged into Thyssen Stahl at the start of the current financial year, saw its net loss widen to 354 million DM from 79 million DM as sales fell 7 percent to 3.59 billion DM. Edeltahl's president, Karlheinz Rösener, said the result was "catastrophic." Mr. Schulz said conditions in the industry had continued to deteriorate and that predictions by the German steel industry association that West German crude steel production would fall 5 percent in 1993 to 35 million tons were "too optimistic." Executives welcomed a recent decision by British Steel PLC to increase prices and said it would follow suit. Director Wolfgang Kohler said prices would go up 10 to 15 percent on April 1 and another 5 percent on July 1, thereby reaching levels of mid-1992. Condemning what he termed renewed payment of big subsidies to steelmakers in Italy and in Spain, Mr. Schulz said rather than declare a "state of crisis" in the European industry, it would be better to establish a "cartel of structural crisis" to abandon excess capacity and stem imports, particularly from Eastern Europe. Within the European Community and the European Free Trade Area, there were 7 million to 8 million tons of excess capacity in hot-rolled steel out of a total of 60 million tons, he said. (AFP, Reuters, AFX)

## Kohl Proposes Spending Cuts, Borrowing Rise

By Brandon Mitchener, International Herald Tribune. FRANKFURT — The government on Tuesday revealed details of its contribution to a controversial "solidarity pact," including spending cuts and a borrowing rise, that it hopes will pave the way for lower interest rates and shore up funding for German unity. But the plan, which includes a sharp increase in government borrowing in 1993, the reintroduction of an unpopular income-tax surcharge as of 1995 and sharp cuts in government subsidies, still needs the approval of parliament and Germany's 16 states, suggesting the pact cannot yet be signed and sealed. "The savings in public budgets will create maneuvering room for businesses and the state, reduce inflation and create scope for the Bundesbank to cut interest rates," the Finance Ministry in Bonn said in announcing the plan, which has been the subject of intense discussions for months. Chancellor Helmut Kohl called on the opposition Social Democratic Party to join the coalition government in speeding the plan through parliament. But Björn Engholm, head of the Social Democrats, said the party would not bend in its opposition to cuts in welfare benefits. Among the proposals included in the government's 30-page report are a cut of 3 percentage points in unemployment benefits, the introduction of means-testing for government subsidies to mothers and families and a 25 percent cut in benefits for asylum-seekers. The plan also proposes subjecting income paid out in Germany from foreign-based investment funds to a 30 percent withholding tax on interest income that took effect Jan. 1. The news initially rocked local financial markets before participants concluded the effects of the tax would not be too drastic. Arguably the most controversial ingredient in the government's proposals is its intent to boost federal borrowing to 53 billion Deutsche marks (\$32.62 billion) in 1993, from 43 billion DM originally budgeted. The Bundesbank, whose governing board convenes this Thursday in a forthright discussion on possible monetary-policy changes, has repeatedly called on Bonn to reduce borrowing as a sign of fiscal responsibility. Separately Tuesday, the Economics Ministry fell into line with some of the most pessimistic private forecasts for the performance of the German economy in 1993. "For Western Germany, a real decline of between zero and 1 percent is expected in gross domestic product. From the present perspective, a decline closer to the lower end of the range is more likely," Reuters quoted the Economics Ministry as saying in Bonn. The West German economy grew by an unusually modest 1.5 percent in 1992 after a rise of 3.7 percent in 1991.

## Kodak Resorts to Firings

New York Times Service. NEW YORK — Eastman Kodak Co. said Tuesday it would lay off 2,000 people, mostly through involuntary cuts, trim research costs and work with outside directors to improve its financial performance. The announcement came in advance of 1992 earnings that Kay R. Whitmore, Kodak's chairman, predicted would "fall far short of expectations." Nevertheless, investors drove Kodak's shares up 50 cents, to \$40.385, close to the 52-week high of \$50.75. Mr. Whitmore said the layoffs were the first large-scale dismissals the company had ever ordered, although it has offered incentives for early retirements. He said the outright dismissals were "less costly" than offering incentives to leave and were intended to "send a signal to Wall Street" that Kodak was determined to improve profitability. Kodak said the departures would save \$200 million this year and more in subsequent years. Most of those to be dismissed will be in the company's film-making operations and allied research laboratories.



From the beginning, Republic National Bank has been dedicated to a single objective: the protection of depositors' funds. We believe that preserving client assets is the most important service any bank can provide. Safeguarding these assets requires more than good intentions, however. It demands strength. And the steady practice of our conservative philosophy has made us one of the strongest banks in the world. Our risk-weighted capital ratios are among the best in the industry, and our reputation for safety is exceptional. We're a subsidiary of Safra Republic Holdings S.A., with US\$1.1 billion in total capital. Our solid record of financial achievement has attracted many new customers to the group. In the past four years, client assets have climbed 400%, and now exceed US\$9 billion. Our high level of client service is another aspect of our strength. We are known for building long-term relationships, and our skilled bankers can help each client realize his or her particular goals. No one can predict the future. But we can help protect the funds that our clients need to meet it. Our emphasis on financial strength and personal service is as valid today as it was when banking began.

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## CURRENCY & INTEREST RATES

Table with multiple columns: Cross Rates (Jan. 19), Eurocurrency Deposits (Jan. 19), Key Money Rates, and Forward Rates. Includes data for various currencies and interest rates.

U.S. / AT THE CLOSE

MARKET DIARY

Battered IBM Leads Blue Chips Lower

Compiled by Our Staff From Dispatches... NEW YORK — Blue-chip stocks fell Tuesday after International Business Machines Corp. reported the biggest loss in its 79-year history.

In contrast to IBM, several money-center and regional banks, including Citicorp, reported strong fourth-quarter results, unleashing a stampede into bank stocks.

The Dow Jones industrial average fell 18.92 to 3,255.99. Advances in the banking industry were offset by a narrow margin among common stocks on the New York Stock Exchange.

Trading was heavy, with more than 285 million shares changing hands on the Big Board. IBM set a grim tone for the market early on, when the computer maker reported the worst performance in its history.

IBM incurred a 1992 loss of \$4.96 billion, or \$8.70 a share, on restructuring charges and declining sales.

System Software slid 4 1/8 to 18 on news that IBM's AS/400 midrange computer business incurred a double-digit sales decline.

The product is a major platform for System Software. Borland International slid 2 3/4 to 17 1/2 after the software maker posted disappointing quarterly results.

The pessimism generated by IBM's results was countered somewhat by strong earnings from Citicorp.

what by strong earnings from Citicorp. Chemical Banking Corp., Wells Fargo & Co. Bank One and First Interstate, among others.

"The banks have been outstanding," said Jim Toth, head trader at McDonald & Co. "They really helped everything."

Especially strong were the California-based banks, on expectations of a turnaround in the state's big economy.

Wells Fargo added 13 to 99, BankAmerica rose 3 1/2 to 53 1/2 and First Interstate gained 2 1/2 to 52.

Peoples Westchester Savings Bank rallied 7 1/2 to 30 1/2 after the company said it received a cash takeover bid of \$30 a share from an investor group.

After an analyst at Bear, Stearns & Co. recommended purchase of U.S. automaker's stocks, GM rose 1 1/2 to 36 1/2, Ford went up 3/4 to 47 1/2 and Chrysler climbed 1 to 38 1/2.

Railroad stocks fell after NatWest Securities lowered its ratings on concern about shipments, rising costs and high share prices.

Consolidated Rail Corp. fell 1 to 49 1/2, Union Pacific Corp. dropped 1 1/2 to 60 1/2, and Burlington Northern declined 1 to 43 1/2.

Foodmaker Am. skidded 1 1/2 to 12 1/2 after Washington state authorities linked an outbreak of food poisoning to hamburgers from the company's Jack-in-the-Box chain.

(Bloomberg, Reuters)

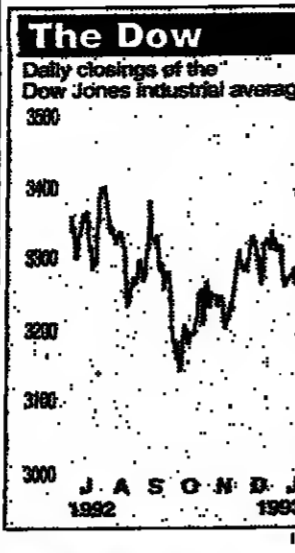


Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks like TUCAP, HGS, etc.

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Table with columns: Open, High, Low, Last, Chg. for Dow Jones Average and Standard & Poor's Indexes.

Table with columns: High, Low, Close, Chg. for NYSE Indexes.

Table with columns: High, Low, Close, Chg. for NASDAQ Indexes.

Table with columns: High, Low, Close, Chg. for NYSE Odd-Lot Trading.

Table with columns: High, Low, Close, Chg. for NYSE Diary.

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Trade Nominee Vows to Open Markets

WASHINGTON (NYT) — President-elect Bill Clinton's choice to become the next U.S. trade representative told the Senate Finance Committee Tuesday he would seek to open foreign markets, but gave little indication of his personal views on trade policy.

Mickey Kantor also repeatedly expressed skepticism about his predecessor's farm-subsidy agreement on Nov. 19 with the European Community, and said he would have to review it to determine whether the United States had made too many concessions.

He stopped short of saying whether he would try to renegotiate the pact. The committee voted unanimously to recommend that the full Senate approve Mr. Kantor's nomination, which is expected soon after Mr. Clinton is sworn in Wednesday.

Chrysler Predicts Big Earnings Rise

WASHINGTON (Bloomberg) — Chrysler Corp. said Tuesday it expected earnings for the fourth quarter of 1992 to exceed \$300 million, a figure that would surpass analysts' estimates by some 18 percent.

Chrysler, which gave the estimate in a filing for its planned offering of 40 million shares, said earnings would top \$300 million if the company waited until 1993 to adopt an accounting change for retiree benefits.

Chrysler cited stronger sales and a better mix of higher-margin vehicles for its earnings estimate. Its stock rose \$1.25 to \$38.75.

Schwab Posts Gain, PaineWebber Off

SAN FRANCISCO (Combined Dispatches) — Charles Schwab Corp., the biggest U.S. discount broker, said Tuesday its fourth-quarter profit rose 57 percent to \$25.2 million, or 65 cents a share, as clients' trading soared.

The earnings, up from \$16.1 million, or 41 cents a share, a year earlier, exceeded Schwab's forecast a month ago of \$23 million to \$24 million. Activity rose to 27 million trades a day in the quarter, from 19,900 a year ago.

In 1992, Schwab added 560,000 accounts, and account assets rose 38 percent to \$66 billion. Schwab stock fell 1 1/2 to \$31.

PaineWebber Group Inc. said fourth-quarter earnings fell 11.8 percent to \$41.4 million, or 73 cents a share, as revenue from trading and investment banking declined. The firm also said it would cut its staff in "certain individuals" with salaries of more than \$50,000.

Metromedia Signs Telephone Pact

ATLANTA (Bloomberg) — Metromedia Communications, a company controlled by the billionaire John Kluge, said Tuesday it had signed an agreement to take control of Resurgens Communications Group and create the country's fourth-largest long-distance telephone company.

The new entity, which needs regulatory clearance, will retain the Metromedia name, trade publicly and have annual revenue of \$500 million, less than 1 percent of the \$65 billion market. Revenue is expected to hit \$1 billion soon through acquisitions, a Resurgens official said.

Metromedia will hold 61 percent of the combined company and Resurgens shareholders 39 percent. Metromedia has not disclosed how much it will pay for its stake. Shares in Resurgens, which have surged almost 150 percent since the companies first announced plans for the deal on Oct. 23, fell 25 cents to \$36.50.

For the Record

Toyota Motor Sales USA Inc. said it would invest more than \$75 million to set up a new North American parts logistics division and would increase its use of U.S.-sourced parts to 50 percent by 1995.

W.R. Grace & Co. said it had filed a \$120 million lawsuit against the Flemish regional government in Belgium, alleging that the government's revocation of a permit forced Grace's Belgian plant to shut down last year.

Nike Inc. said it was teaming up with a leading Hollywood talent agency, Creative Artists Agency Inc., to develop sports events and programming.

German Tax Talk Pulls Dollar to Sharp Loss

Compiled by Our Staff From Dispatches... NEW YORK — The dollar fell Tuesday, dragged lower by a German proposal to put a withholding tax on foreign investment funds.

Foreign Exchange which could cause a repatriation of money invested overseas into markets.

The dollar fell to 1.6070 Deutsche marks from 1.6117 DM on Monday. Indications that a German interest-rate cut was in the cards failed to overcome the Finance Ministry's plan to extend its 30 percent withholding tax, which requires portfolio approval.

"What this is aimed to do is close off the investment loophole opened by imposing the tax on domestic funds, after which money flew offshore and shrank the tax net anyway," said Ian Amstad, economist at Bankers Trust Co. in London.

On the rate front, traders said minor interest-rate cuts by Belgium and the Netherlands on Tuesday may signal that a German rate cut is not far behind. One trader at a German bank in London said many dealers expected rate cuts in early February.

John Hall, economist at Swiss Bank Corp. in London, said the need for a German rate cut had diminished now that the French franc had stabilized.

In European trading, the mark edged down to 3.3824 francs from 3.3825.

In New York, the dollar fell to 5.4485 francs from 5.4770. The dollar also fell to 1.4735 Swiss francs from 1.4770 and to 125.455 yen from 125.450. But the pound fell to \$1.5454 from \$1.5418.

Also weighing on the dollar was a comment by Stiles Keen, president of the Federal Reserve Bank of Chicago. He said the U.S. recovery was threatened by consumption growth outstripping that of income. His remark was taken to mean the Fed would continue its policy of low rates to nurture the economy.

(AFP, Bloomberg, Reuters)

Ruble Plunges to a New Low

MOSCOW — The ruble plunged Tuesday to a record low of 474.50 to the dollar on the Moscow Interbank Currency Exchange and exchange officials cited growing demand for dollars by Russian banks.

The new rate compared with 442 rubles to the dollar at last Thursday's session and the previous low of 450, set on Nov. 24.

Alexander Osenmuk, deputy director of the exchange, said that there had been a "significant" increase in demand for dollars. A spokeswoman for the exchange said that \$75.18 million changed hands on Tuesday, close to the record volume of \$78.87 million.

"If the market can throw in 34 billion rubles, this is a sign that banks and clients have more dollar resources," said Mr. Osenmuk.

(Reuters)

WORLD STOCK MARKETS

Table with columns: City, Open, High, Low, Last, Chg. for various international stock markets including Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Singapore, Stockholm, Toronto, Zurich, etc.

U.S. FUTURES

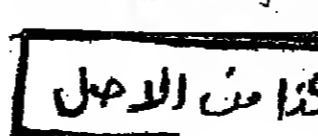
Table with columns: Season, High, Low, Open, High, Low, Close, Chg. for U.S. futures markets including Grains, Metals, Livestock, etc.

U.S. FUTURES

Table with columns: Season, High, Low, Open, High, Low, Close, Chg. for U.S. futures markets including Grains, Metals, Livestock, etc.

U.S. FUTURES

Table with columns: Season, High, Low, Open, High, Low, Close, Chg. for U.S. futures markets including Grains, Metals, Livestock, etc.



BAe Stock Benefits From Taiwan Deal

LONDON—Taiwan Aerospace Corp. ended more than a year of searching for a partner to make commercial airplanes with it by signing a deal on Tuesday to make short-haul jets with British Aerospace PLC.

VW Leaves Swatch Car Venture

By Erik Ipsen
INTERNATIONAL HERALD TRIBUNE
LONDON—Europe's truck makers, which saw sales of heavy trucks collapse in 1992, face a bleak future unless they scale back their ambitions and move toward more joint ventures, according to a study released Tuesday.

Investor's Europe

Table with 3 columns: Frankfurt DAX, London FTSE 100 Index, Paris CAC-40. Includes line graphs showing trends for each index and a table of daily market movements.

Truckmakers' Grim Outlook

either able nor willing to take it over," said the report. Also in the red are Iveco, Europe's second-largest truckmaker, which is a unit of Fiat SpA; Renault Vehicules Industriels, which also owns the U.S. truckmaker Mack Trucks Inc. and Sweden's Volvo AB.

A new study says the companies must scale back their ambitions and move toward more joint ventures.

The study, from the London-based Euromotor Reports, noted that a huge consolidation in the industry had already seen the number of manufacturers slump from 55 in the mid-1960s to just seven today.

IBM: Getting Losses Off the Books

(Continued from page 1)
dicted it would be halved from the annual rate of \$4.84 of the past few years, and Wall Street seems to agree.

TELEGRAAF: Centenarian Still Packs a Punch

(Continued from first finance page)
Older Kalter will co-edit the paper with the veteran Jan Langeraas. During the 1970s the company moved from its cramped headquarters in the center of Amsterdam to a 500 million guilder commercial west of the city.

YSL: Elf Sanofi Buys It

(Continued from first finance page)
promoting beauty and skin care, using Catherine Deneuve as its emblem. The decline in YSL's profit has been put down partly to the launch cost of the skin care line.

Very briefly:

- Virgin Radio, Richard Branson's British radio station, will go on the air April 30 with a on-stop blend of classic album and chart music from the past 25 years.
• The Trenchard restock possession of Agrostechnik GmbH and said it was seeking a new buyer; the agency last November filed charges against the old buyer, Euxina AG, claiming it caused damage of up to 500 million DM (\$306 million) by using Agrostechnik's property as collateral for credits.

ENI in Russian Gas Barter

ROME — Ente Nazionale Idrocarburi, Italy's state energy holding company, will provide Russia with \$2 billion of equipment to update the country's gas transportation system in exchange for gas, ENI said Tuesday.

NYSE

Table with columns: NYSE, Tuesday's Closing. Lists various stocks and their closing prices.

High-Low

Table with columns: High, Low, Last. Lists various stocks and their daily price ranges.

NYSE High-Lows

Table with columns: NYSE High-Lows. Lists various stocks and their high and low prices.

Asia's biggest techno-mart

10th IETF: Your entry into the world's biggest marketplace. India is the world's single largest marketplace and its new economic policies and climate have inspired amazing confidence in the 10th IETF.

INDIA UNLIMITED BUSINESS AT YOUR FINGERTIPS. Advertisement for the 10th Indian Engineering Trade Fair, featuring a globe and text about the event.

### Commerzbank Capital Increase 1993

# Invest now in substance and growth

#### Ambitious Goals and Good Results

The success of Commerzbank's profit-oriented growth is shown by its latest results. As of October 31, 1992, the partial operating result was up 14.6%, topping DM 1.5 billion. The bank is thus well prepared for any economic risks.

#### Successful Cost Management

At the same time, with its personnel and operating expenditure up only 6.3%, Commerzbank has shown that it has costs under control. Restrictions to improve the bank's efficiency have been introduced - a major factor in boosting both present and future earnings.

#### Attractive Dividend Yield

Commerzbank is increasing its capital by issuing 2.5 million new shares, with a nominal value of DM 125 million. The new shares, issued on a one-for-ten basis, are priced at DM 200. Subscription rights will be traded from January 20 to February 1. Based on DM 10 dividend, the yield on the old shares is above average for the financial sector. The new shares carry full dividend rights for 1993.

#### Ready for the Future

Several factors point to strong future earnings. Commerzbank is well positioned in eastern Germany and has expanded in Eastern Europe, an area with great economic potential. Its *Allfinanz* agreements have resulted in strong growth in commission income. The bank has also increased its income from international operations.

#### Talk to Your Broker Now

The Commerzbank share is now widely recommended by both domestic and international analysts. To find out more about the new issue, please contact your broker, bank or any Commerzbank branch.

**COMMERZBANK**  
German know-how in global finance

## NASDAQ

**Tuesday's Prices**  
NASDAQ prices as of 4 p.m. New York time. This list compiled by the NYSE consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12-Month High	Low	Stock	Div	Yld	PE	188	High	Low	Latest	Chg
110	105	IBM	3.20	2.8	12	110	110	105	108	+3
100	95	Microsoft	0.00	0.0	15	100	100	95	98	+3
90	85	Oracle	0.00	0.0	18	90	90	85	88	+3
80	75	Intel	0.00	0.0	20	80	80	75	78	+3
70	65	Sun	0.00	0.0	25	70	70	65	68	+3
60	55	HP	0.00	0.0	30	60	60	55	58	+3
50	45	Cisco	0.00	0.0	35	50	50	45	48	+3
40	35	Northern Telecom	0.00	0.0	40	40	40	35	38	+3
30	25	WorldCom	0.00	0.0	45	30	30	25	28	+3
20	15	Verizon	0.00	0.0	50	20	20	15	18	+3
10	5	AT&T	0.00	0.0	55	10	10	5	8	+3

Marco

Cathay Ta

AME  
Tuesday's Cl

سكنا من الاجل

Marcos Haunts Philippine Airlines

Bloomberg Business News
MANILA — A struggle between two businessmen is threatening the future of the Philippines' flagship airline and casting a shadow over the government's program to privatize key industries, analysts said Tuesday.

shaken the credibility of the government privatization program, which was supposed to freeze out any former Marcos associates.
"Lucio Tan's ascension to the throne might be seen as the government favoring a former Marcos and investors are quite against this," said Joey Salceda, an analyst with Baring Securities.

Tan's ascension to the throne might be seen as the government favoring a former Marcos cronny.

Joey Salceda, Baring Securities
Mrs. Aquino, last year led a consortium that bought 67 percent of Philippine Airlines from the government for \$368.7 million.

juangco did not consult Mr. Tan on ambitious expansion plans, including ordering \$1.6 billion in jetliners.
Mr. Tan launched a campaign earlier this month to wrest control of the company from Mr. Cojuangco. He is reported to be trying to buy stock from minor shareholders.

Westpac Pledges Action To Angry Stockholders

Compiled by Our Staff From Dispatches
SYDNEY — Shareholders of Westpac Banking Corp. grilled directors at the bank's annual meeting Tuesday despite a plea that they not seek revenge and assurances that the board was acting to stem the bank's huge losses.

Westpac shares took another hammering, falling 6 cents to 2.79 dollars.
Analysts said the share price was unlikely to recover until the bank named a new managing director.

Investor's Asia

Table with columns for Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225. Includes line graphs and a table of exchange index values for 1992 and 1993.

Very briefly:

- Motorola Electronics Pte. is investing 65 million Singapore dollars (\$40 million) in a plant that will supply up to 60 percent of the printed circuit boards Motorola needs in Asia.
Jarden Corp. sold a 49 percent stake in its Singapore stockbroking arm, Paul Morgan & Associates, for 20 million New Zealand dollars (\$10.25 million) to Swiss Bank Corp.

Cathay Talks Tough as Strike Bites

Compiled by Our Staff From Dispatches
HONG KONG — With passenger fury over a strike by flight attendants growing, Cathay Pacific Airways Ltd. launched a major public-relations blitz on Tuesday, claiming that support for the strike was ebbing and placing newspaper and radio advertisements to state its case.

from rival Asian airlines, which will need aircraft for their own services over the Lunar New Year holiday, which begins Friday.
Mr. Eddington confirmed reported estimates that the dispute was costing the airline 10 million to 15 million Hong Kong dollars (\$1.3 million to \$1.9 million) a day.

JAL Eliminates Payout as Loss Estimate Grows

Compiled by Our Staff From Dispatches
TOKYO — Japan Air Lines Co. announced Tuesday it would omit its dividend for the year ending March 31, saying weakness in the stock and real-estate markets had thwarted its plans to narrow operating losses by selling assets.

Malaysian Planter Diversifies

KUALA LUMPUR — Malaysia's largest plantation house, Golden Hope Plantations Bhd., said Tuesday that it would diversify into real-estate development and manufacturing to protect earnings from shifts in commodity prices.

Fujitsu's Off to a Late Start on Color LCDs

TOKYO — Years after its major competitors, Fujitsu Ltd. announced Tuesday that it would start making color liquid-crystal displays for portable computers.

AMEX

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns for 12 Month High/Low Stock, Div, Yld, PE, etc. Lists various stocks and their performance metrics.

Table with columns for 12 Month High/Low Stock, Div, Yld, PE, etc. Lists various stocks and their performance metrics.

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SPORTS BASKETBALL

Barkley Fouls Up On a Fast Break After Knicks Edge Suns By 3, He Chases Referee

By Clifton Brown New York Times Service NEW YORK — It was a game that featured the dominant side of Patrick Ewing, and the volatile side of Charles Barkley, who after the final buzzer chased an official down the runway to the locker room.

The New York Knicks got one of their most important and satisfying victories of the season by beating the Phoenix Suns, 106-103, at Madison Square Garden on Monday night. But this Martin Luther King Jr. Day matinee ended in bizarre fashion.

Barkley, Phoenix's All-Star forward, felt he had been fouled by Anthony Mason on a potential game-tying 3-pointer with 12 seconds to play.

Barkley, who is no stranger to controversy, then exchanged angry words with referee Jim Clark as they left the court. According to Barkley, Clark responded to Barkley's verbal tirade by saying, "That's going to cost you money."

Barkley responded to that by leaping over the scorer's table — he tripped, fell and got up — and pursuing Clark down the runway to the locker room, as teammates and Madison Square Garden security guards tried to restrain him.

Barkley continued yelling at the official until Clark made it safely to the referee's locker room. Barkley will undoubtedly be fined, especially given the fact that Rod Thorn, the National Basketball Association's vice president of operations, was attending the game.

Barkley, with his usual humint, had plenty to say afterward. "I would not like to get mad at the officiating like that, but it was just a badly called game," said Barkley, who finished with 27 points and 15 rebounds but had only 4 points in the fourth quarter, when he missed 4 of 5 shots from the field.

"When he said the part to me about money, I went off. Like he can control me with money. You can't control people with money. I thought he made bad calls all night, but when he said that thing about 'It's going to cost you money,' like money can control me? Give me a break."

While Barkley's tirade offered a bizarre twist to an emotional game, it did not lessen the importance of the victory to the Knicks.

Five of their last six games have now been decided on the final possession. And they came into the game with a 1-6 record in games decided by 3 points or less.

So they needed a close victory against anyone, but it was especially satisfying that it came against the Suns, who have the league's best record (25-7). Ewing, who scored a season-high 35 points and added 11 rebounds, simply would not allow the Knicks to lose.

And the performance was even more impressive because early in the second quarter Ewing was

taunted by fans, who cheered derisively when he left the game after missing six of his first seven shots. When Ewing returned, he was a terror. He made his next nine shots, giving the Knicks the life they needed to keep from sinking.

Ewing's last basket was a crucial 5-foot turnaround jumper to give New York a 102-99 lead with 22 seconds to play, a lead that held up through the game's final plays.

Asked if he was surprised to be booed in New York, Ewing said: "I'm not surprised by anything that happens in New York. You can't appease them. I know that I'm out there busting my butt trying to get the job done. I'm human. Some nights I'm going to struggle. But I can't let the boos or the cheers affect me. I don't worry about it. I've been here eight years."

■ In other games, The Associated Press reported:

76ers 124, Magic 118: Jeff Hornacek got six of his 32 points in overtime as Philadelphia won, but visiting Orlando's rookie center, Shaquille O'Neal, had a career-high 38 points, 16 rebounds and eight blocked shots.

Bulls 103, Celtics 93: Michael Jordan, despite a sore wrist, scored 29 points in three quarters as Chicago, playing at home, came back from a 19-point deficit to hand Boston only its second loss in 10 games.

Nets 100, Pacers 97: Drazen Petrovic and Kenny Anderson each made two baskets in an 8-0 run that gave New Jersey its fifth straight victory.



Charles Barkley vaulting the scorer's table — he tripped — while in pursuit of a referee after the game in Madison Square Garden.

No. 1 Kansas Beats State, but Has 2d Player Hurt

For the second straight year, a Kansas player has been hurt by an object thrown from the stands at Kansas State.

The latest incident followed the No. 1 Jayhawks' 71-65 victory Monday night when Rex Walters was cut over his left eye by a coin thrown as he left the floor in Manhattan, Kansas.

"I'm walking down the court with my hands in the air and I got hit in the eye. I think it was a quarter because it was so big. I didn't pick it up, which was too bad because I could use a quarter," said Walters, the game's leading scorer with 23 points.

Last year, David Johnson was cut on the back of his head by an object thrown from the stands after the game.

"That's happened two times now," said Kansas coach, Roy Williams, so angry his voice trembled. "Two teams played their butts off and some sick individual does that."

The Jayhawks (15-1, 3-0 Big Eight) started slowly, shooting just 35 percent in the first half and trailed by eight at halftime.

The Wildcats (10-3, 2-1) got their biggest lead at 36-26 on Anthony Beane's tip-in before Walters and Eric Pauley led Kansas on a game-turning 15-4 run that included 10 straight points. In the second half Kansas shot 70 percent.

No. 18 Georgetown 86, No. 17 Connecticut 69: In Hartford, Connecticut, Georgetown (11-2, 4-2 Big East) used a 9-0 spurt midway through the second half to break a 56-56 tie and outscored the Huskies (8-4, 3-3) by 30-13 over the final 10:25. Junior Robert Churchwell scored a career-high 25 points and freshman Othella Harrington got 22 for the Hoyas.

UC-Santa Barbara 61, No. 25 Long Beach St. 60: Visiting Long Beach (12-2, 5-2 Big West), just back in the top 25, had a chance to win in the final seconds but a close-range shot and a tap-in by Lucious Harris both missed.

Elsewhere:

Chris Webber, Michigan's star sophomore forward, broke his nose during practice Monday and was listed as questionable for the Wolverines' game at Minnesota on Wednesday.

South Carolina's coach, Steve Newton, announced his resignation, effective at the end of the season, in the wake of a school report outlining five NCAA recruiting violations. Two assistants also resigned.

Texas lost two starters to academic difficulties. Center Albert Burditt flunked out of school and guard Terrence Rencher was suspended indefinitely.

Wannstedt Hired As Coach of Bears

CHICAGO — Dave Wannstedt, the defensive coordinator of the Super Bowl-bound Dallas Cowboys, was hired Tuesday as coach of the Chicago Bears.

He will replace Mike Ditka, whose fortunes fell as Wannstedt's rose with the Cowboys.

"I'm sure some of the fans will wonder if I'm tough enough to be in Chicago," Wannstedt said. "I'm tough enough and I'm looking forward to the challenge."

In hiring Wannstedt two weeks after firing Ditka, the Bears' president, Mike McCaskey, said, "This is the right man and the right job."

Wannstedt had been considered the front-runner to become coach of the New York Giants, while Richie Petitbon, the defensive coach of the Washington Redskins, was thought to be the Bears' top choice.

The talks were very intense in New York," Wannstedt said. "That was as far as it really went. After Mike and I visited and I was very comfortable with the way the organization was going, I had a strong feeling for the Bears all along. And personally, with my family, we're excited about living in Chicago."

The timing of the announcement was a surprise with the Cowboys preparing for the Super Bowl against the Buffalo Bills on Jan. 31. But it is believed the Cowboys didn't want Wannstedt's job status to remain in question until after the Super Bowl.

The 40-year-old Wannstedt, who becomes the Bears' 10th head coach, has been credited with rebuilding the Cowboys' defense into the NFL's best this season.

It held opponents to 15.2 points and 245.8 yards per game in the regular season.

Wannstedt followed Dallas' coach, Jimmy Johnson, from the University of Miami in 1989. The

Cowboys were 1-15 that season, but improved to 7-9 in 1990, to 11-5 in 1991 and then to 15-3 en route to the Super Bowl.

Wannstedt complimented Ditka, who coached the Bears for 11 seasons, and said he wanted to meet with him to discuss the team. He said he would not talk about hiring assistant coaches until after the Super Bowl.

Both Wannstedt and Ditka grew up in Pennsylvania, played college football at Pittsburgh and went to Chicago from assistant coaching jobs in Dallas.

Ditka went 5-17 in his last season, which was marked by friction with McCaskey, players and fans. He was fired after demanding more power over personnel matters.

Ditka's Bears won the Super Bowl in 1986, but he was never able to duplicate that feat despite four more trips to the playoffs.

The Denver Broncos' owner, Pat Bowlen, received permission Monday to discuss his vacant coaching job with Mike Shanahan, a former assistant coach who oversaw the San Francisco 49ers' top-ranked offense this season, and George Seifert, the 49ers' head coach, appeared resigned to having to find a replacement.

"I'll take my time and try to get the best man," said Seifert, who hired Shanahan a year ago to call the offensive plays and coach the quarterbacks.

Shanahan's predecessor, Mike Holmgren, left to become coach of the Green Bay Packers following the 1991 season.

Rob Hughes' column will appear tomorrow as part of a special package of articles on racist violence and soccer.

SIDELINES

ANC to Support Rugby World Cup

JOHANNESBURG (AP) — The African National Congress gave its full support Tuesday to holding the rugby World Cup tournament in South Africa for the first time in 1995.

"We will do everything within our reach to make sure the tournament will become a great success," Steve Tshwete, the ANC's top sports official, said after meeting with international and South African rugby officials. The ANC has criticized officials of the country's most popular sport for failing to create promised development programs for blacks.

The French sports minister, Fréderique Bredin, announced Tuesday government plans to provide 450 million francs (\$80 million) as compensation this year to sports hit by tough anti-tobacco laws, and said it was hoped this would be sufficient to allow anti-racism's French Grand Prix to be reinstated to the world championship calendar. (Reuters)

Dutch Plan Crackdown on Racism

ROTTERDAM (Reuters) — Dutch Soccer Union officials said Tuesday they would reveal plans this week to tackle racism in the sport following Sunday's incidents that led Amsterdam authorities to turn back two train loads of Utrecht fans chanting racist slogans and handing out anti-Semitic pamphlets.

Aston Villa said it had signed Danish midfielder Henrik Larsen, on loan from Pisa, for the rest of the English Premier League season. (AFP)

Joan for the Record

José Luis Ugarte of Spain, who had sent out a distress signal when his yacht Euskadi Europa sprang a leak, has repaired his boat and will continue in the Vendée round the world race, organizers said. (AFP)

Nigel Benn is to defend his WBC super-middleweight title against Mauro Galvao of Italy and fellow Briton Pat Clinton his WBO flyweight crown against Jake Matlela of South Africa on March 6 in Glasgow. (AP)

The NFL said it would hold next summer's American Bowl preseason game in Berlin for the fourth consecutive year. (AP)

SCOREBOARD

NBA Standings

Table with NBA Standings columns: Eastern Conference Atlantic Division, Central Division, Western Conference Midwest Division, Pacific Division. Lists teams like Boston, New York, Philadelphia, Miami, Chicago, Cleveland, Detroit, Indiana, Atlanta, Milwaukee.

MONDAY'S RESULTS

Table with Monday's Results columns: Points, Rebounds, Assists. Lists games like Phoenix 23-22, New York 11-8, Orlando 13-22, Atlanta 9-23, Indiana 23-22, Phoenix 53-151, New York 54-Ewing.

Major College Scores

Table with Major College Scores columns: Team, Score. Lists games like Georgetown 69-67, Duke 77-74, Wake Forest 77-74, UNC 77-74, etc.

Hockey

NHL Standings

Table with NHL Standings columns: Patrick Division, Adams Division, Norris Division, Smythe Division. Lists teams like Pittsburgh, Washington, New Jersey, N.Y. Rangers, N.Y. Islanders, Philadelphia.

CAMPBELL CONFERENCE

Table with Campbell Conference columns: Division, Team, Points, Rebounds, Assists. Lists teams like Chicago, Detroit, Minnesota, Toronto, St. Louis, Tampa Bay.

MONDAY'S RESULTS

Table with Monday's Results columns: Team, Score. Lists games like San Jose 8-1, Boston 1-0, Boston 13, McDonough 2, Evans 141, etc.

World Cup Results

Table with World Cup Results columns: Team, Score. Lists games like Togo 2-1, Cameroon 1-0, etc.

DENNIS THE MENACE



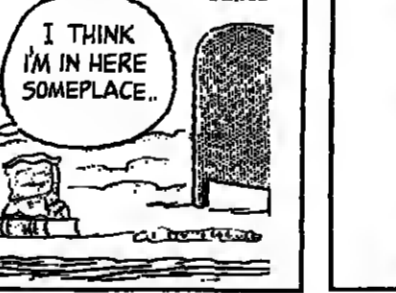
PEANUTS



BLONDIE



BEETLE BAILEY



WIZARD of ID



REX MORGAN



GARFIELD



Word game section titled 'JONBLE' with a grid and instructions for playing.

Word game section titled 'MENGO' with a grid and instructions for playing.

Word game section titled 'CHIRB' with a grid and instructions for playing.

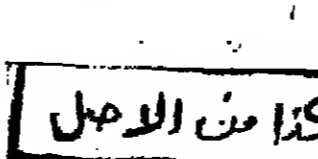
Word game section titled 'COULIN' with a grid and instructions for playing.

Word game section titled 'LOEPE' with a grid and instructions for playing.

Word game section titled 'PRINT ANSWER HERE' with a grid for solutions.

Word game section titled 'JURIBEE' with a grid and instructions for playing.

Advertisement for 'our readers in Switzerland' with contact information for subscription.







OBSERVER

Diaries on the Eve

By Russell Baker

BILL CLINTON'S DIARY:

Inauguration tomorrow. Hillary wants me to cut 45 minutes out of the speech. Tell her there's not a superfluous word in it.

"Friendly advice," Bush says: "Whatever you do, don't keep a diary." Apparently there's nothing prosecutors like more than spending dozens of millions of dollars trying to subpoena diaries.

This is the last diary entry I'll ever make. Not that I'm worried about being prosecuted. It's just that diary pages are too small to hold the 40,000 or 50,000 words I'll need every night to do justice to the events of my day.

ALBERT GORE'S DIARY:

Worried all day about the rain forest burning. Tipper begs me to give it up for the next 24 hours. She thinks it's worrying about all that burning wood that makes me look so wooden when standing beside Bill. Yes, empathy for the death of trees may be showing up in my posture as rigor mortis.

SENATOR NUNN'S DIARY:

It could be me up there tomorrow except for those popularity polls — just one short year ago — showing no earthly human could possibly beat George Bush.

RICHARD NIXON'S DIARY:

Of course I didn't expect Clinton to offer me a front-row seat for the swearing-in. That would be wrong. Should he ask me to head an emergency program to prevent the former Soviet Union from collapsing into a chaos perilous to the entire world, I shall accept it as a great American uniquely qualified for the assignment ought to accept it — without pointing out that Clinton was not so quick to recognize my stature when invitations to the swearing-in were being handed out.

MARILYN QUAYLE'S DIARY:

Dan thinks increasingly of being the next president. This morning he asked, if I became first lady, would I let him invite Murphy Brown to the White House. I asked why in the world he would want to do that.

He said he thinks his attack on Murphy Brown cost votes in the last election and believes inviting her to the White House would show he has nothing against her, thus winning over her supporters and helping himself to get elected. I pointed out that if I were the first lady he would already have been elected, so wouldn't ood the Murphy Brown vote. "Good thinking, Marilyn," he told me, as usual.

BARBARA BUSH'S DIARY:

Keeping my eye upon the doughnut and not upon the bolt, thank Heaven George will no longer have to prove he's just plain folks by stuffing himself on pork rinds that give him those awful gas pains.

MARIO CUOMO'S DIARY:

Sure it could be me up there tomorrow except for those popularity polls showing no human on earth could beat George Bush. In addition to many, many other factors which tempt me to contradict myself and say, No, it could not be me up there tomorrow.

Tomorrow! Tomorrow and tomorrow and tomorrow creeps in this petty pace, as Shakespeare observed. But I shall save that for my journal, not throw it away on a flimsy diary. Some think my journal has literary merit, and literature will always outlast the governorship of New York. Its other advantage is that you don't have to go to Albany to do it.

SADDAM HUSSEIN'S DIARY:

The hour of glory approaches. The father of evil, the Satan of Satans, the poisonous begetter of mothers of all battles will be forever stripped of his power tomorrow. As I have commanded the author of destiny to write, "It is writ that when the abominable Bush is struck from power, the rule of Saddam will roll on unbroken upon mighty blasts of heated air." Powerful is my prose. Beware thereof, O Clinton!

RONALD REAGAN'S DIARY:

There they go again.

New York Times Service

One for the Money: India's Spiciest Writer

By Edward A. Gargan

BOMBAY — She's been called a "chimpanzee." It has even been suggested that she suffers "from mental sickness and base instincts." But remarks like those from literary connoisseurs in India don't seem to faze Shobha De. The Jackie Collins of India keeps on writing — amused, untroubled and unrepentant by the commotion, and engaging her critics even further.

De thinks sex, talks sex, writes sex. And in doing so she shocks India, and much of its literary set, like no other writer today. She is quintessentially Bombay, a product of a city that is molded by the extremes of fast living and violent religious conflicts, show business and extreme poverty. In the last week, Bombay has been torn by the worst sectarian violence since independence.

The novelist, who has three steamy works already behind her, is back with her latest, "Strange Obsession," published last month in English by Penguin Books of India. It is a lusty, rambunctious tale of women in love with one another. A blurb on the back cover calls it "an unforgettable novel of sexual obsession and its calamitous consequences."

"I'm sure there'll be an uproar," the author had predicted. "Well, there hasn't been exactly an uproar. At least one reviewer, Simran Bhargava, had good things to say. Sort of, 'I couldn't put down Shobha De's new book, 'Strange Obsession,'" she wrote in the Jan. 9 issue of The Pioneer newspaper, published in New Delhi. "And I didn't even like it!"

Although India lays claim to its own deeply erotic tradition, some of it expressed in spectacular and graphic thousand-year-old temple sculptures at Khajuraho and other sites, candid discussions of sex are rare. Hindi movies treat sex bizarrely — there is often the violence of rape, but passionate kissing is never shown and the couples are devoutly monogamous. Modern literature is also studious in avoiding descriptions of sex.

De has been brazenly stirring this kettle of taboos, writing of starlets bedding down movie directors, bored housewives leaping into bed with ravishing men, or young women marrying gay directors for their money.

Money is no stranger to the author, either. "I write for money," De said, in words akin to heresy in literary India. "I don't make any bones about it. Why else write?"

Indeed, many reviews paint her as a virtual heretic. "We have a heroine, of the films and of the novel, who lives on a diet



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Edward A. Gargan/The New York Times

of men for breakfast, lunch and dinner, and some times in between." S. Nihal Singh wrote in a review of her second novel, "Starry Nights." "Four-letter words come thick and fast from those sharing her bed, among others."

Her first novel, "Socialite Evenings," which she wrote in 1988, also antagonized reviewers. Geeta Doctor wrote in the Indian Review of Books: "Penguin India, who have published De's books, should feel proud of themselves. Instead of merely aiming to produce good literature as we have been led to expect, they have decided to put themselves in the service of the

country, masturbating the nation." And in the Economic Times, Dilip Raote told his readers that "the two or three scenes of the kind that are described by mental juveniles as 'horrid' are narrated with the elegance of a bullying lord bragging about his conquests." He described De's writing as "coarse, without class."

But De's defenders, and there are many, dismiss the critics as provincial and narrow-minded. Shabana Azmi, a prominent movie actress here, has hailed De for "writing what other Indian authors do not." "I know her from our school days," she said. "Shobha was a rebel. I think adolescence is about rejecting all the values that your

The Sound of Gravel Is Worth \$2.5 Million

The sincerest flattery, and most expensive: The Supreme Court let stand a \$2.5 million award to Tom Waits over the use of a sound-alike singer to mimic his generally voice in a television commercial. Waits, who has refused for years to perform in commercial ads, sued Frito-Lay and its advertising company, Tracey-Locke, over a 1988 commercial for Doritos. Frito-Lay said that although it had consciously imitated Waits' style it had not deliberately imitated his voice. How's that?

At the end of the year, as usual, Paul Newman, the president of Newman's Own, which makes salad dressings, popcorn and spaghetti sauce, and A. E. Hotchner, the executive vice president, sat down to divide the profits among charities who had made requests. "Instead of the 1,500 we usually get, there were more than 2,500," Hotchner said. "Paul and I were shocked." Newman's Own made 460 grants, worth about \$8 million.

Continuing a tradition dating from 1949, a mystery man visited the grave of Edgar Allan Poe on the author's birthday and left three red roses with a bottle of cognac. Jeff Jerome, curator of the Edgar Allan Poe House and Museum in Baltimore, and nine others spent the night waiting for the visitor to appear, and were enough: At 5:05 on Tuesday, a man in a long coat and black hat arrived. More than one man has maintained the birthday tribute during its 44-year run. Out of respect, he has not been confronted. Poe died in Baltimore in 1849.

The Danish director Bille August has begun filming Isabel Allende's best-seller, "The House of the Spirits," near Caceres in southern Portugal, where the Portuguese-German-Danish production crew has built a replica of a 19th-century South American mansion. The film begins in the mid-1920s and leads up to 1973, when General Augusto Pinochet seized power in a bloody coup in which President Salvador Allende, the uncle of the author, was killed.

PEOPLE

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INTERNATIONAL CLASSIFIED

Appears on Pages 4 & 6

WEATHER

Weather forecast section including maps for Europe, North America, Asia, and the Middle East, with temperature and precipitation data for various regions.

CROSSWORD

Crossword puzzle section with clues for Across and Down, and a solution for the puzzle from Jan. 19.

BOOKS

THE NAKED CONSUMER: How Our Private Lives Become Public Commodities. By Erik Larson. 275 pages. \$23. Reviewed by Alan Pell Crawford. THE art of advertising is now so near to perfection that it is not easy to propose any improvement. So wrote Samuel Johnson in 1761. Erik Larson, a Wall Street Journal reporter, demonstrates in this book that Dr. Johnson's Olympian pronouncement was, at best, premature. In the intervening centuries, advertisers have spent vast sums to make a science of their craft, with decidedly mixed results. The critical moment came, Larson writes, when the "the comfort-

able mass market of the 1950s [exploded] into smaller micromarkets of unaffordable consumers." Advertisers since then have labored mightily to identify, and then target their appeals to, these clusters of potential purchasers. They have in the process fashioned a "vast intelligence network" that threatens our freedom, our privacy — indeed, our very humanity. Larson, who is a resourceful reporter, has done a creditable job of demonstrating just how pervasive and sometimes annoying a presence direct-marketers have become. By buying, selling and "recombining" information about us — some of this data purchased from government agencies — advertisers know not only which brands of beer we drink but what forms of birth control we use. Some of them know which bodily ailments afflict us and when our children are born. They track us from the cradle to the grave. The author is less convincing, however, in his attempts to establish that these developments should alarm us unduly. While he clearly finds them sinister (he cannot refer to any event that occurred in 1984 without summoning the ghost of George Orwell), he not once addresses the indisputable fact that advertisers are in no way interested in individuals as individuals. They are interested in us only as anonymous members of social groups and even then only insofar as they can attempt to predict our purchasing choices — often, truth be told, to our own benefit. Yes, it is a fact that enterprising marketers are now able to assemble lists of those who purchase adult diapers and then mail coupons for such products to these unfortunate souls. But if this capability helps keep such sales pitches out of my mailbox and off my television screen, all the while holding down costs, that to me represents progress. Such missivings as we might feel should be further put to rest by the fact that much of the evidence Larson marshals subverts his own thesis. His fearsome "intelligence network," it turns out, is anything but omniscient. Television's famous Nielsen ratings, on the basis of which \$10 billion of network airtime is divided up, are comically flawed. Studies of other studies of television viewing habits showed, moreover, that 21 percent of the time TVs play to empty rooms; another 19 percent of the time there are people in the rooms, but they are so preoccupied that they aren't even watching. Larson's recommendations to prevent abuses are embarrassingly simplistic. He proposes, for example, a constitutional amendment to declare "privacy" to be an inalienable right, in the naive belief that the word's insertion into the Constitution would end debate about what privacy means and how it is to be safeguarded. In his discussion of television commercials, the author quotes the Philadelphia merchant John Wanamaker, who once declared that half of all advertising money is wasted; the trouble is, he said, no one knows which half. Larson's reporting would seem to support that notion. Unfortunately, his illumination of this difficult subject doesn't go much beyond Wanamaker's.

Alan Pell Crawford, a Washington columnist for Adweek magazine, wrote this for The Washington Post.

BEST SELLERS

Table listing best-selling books in Fiction and Nonfiction categories, including titles like 'The Pelican Brief' and 'The Bridges of Madison County'.

Large advertisement for AT&T USA Direct Service, featuring a globe and the slogan 'Speed up the approval process.' Includes a list of international access numbers and the AT&T logo.